NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS

Congressional Information Service,
Washington, D.C.

S. Hrg. 101-9

NOMINATION OF JAMES A. BAKER III

HEARINGS

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

NOMINATION OF JAMES A. BAKER III, OF TEXAS,
TO BE SECRETARY OF STATE

JANUARY 17 AND 18, 1989

Printed for the use of the Committee on Foreign Relations

U.S. GOVERNMENT PRINTING OFFICE
95-364 ⇆ WASHINGTON : 1989

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S381-14

COMMITTEE ON FOREIGN RELATIONS

CLAIBORNE PELL, Rhode Island, *Chairman*

JOSEPH R. BIDEN, JR., Delaware
PAUL S. SARBANES, Maryland
ALAN CRANSTON, California
CHRISTOPHER J. DODD, Connecticut
JOHN F. KERRY, Massachusetts
PAUL SIMON, Illinois
TERRY SANFORD, North Carolina
DANIEL P. MOYNIHAN, New York
CHARLES S. ROBB, Virginia

JESSE HELMS, North Carolina
RICHARD G. LUGAR, Indiana
NANCY L. KASSEBAUM, Kansas
RUDY BOSCHWITZ, Minnesota
LARRY PRESSLER, South Dakota
FRANK H. MURKOWSKI, Alaska
MITCH McCONNELL, Kentucky
GORDON J. HUMPHREY, New Hampshire
CONNIE MACK, Florida

GERYLD B. CHRISTIANSON, *Staff Director*
JAMES P. LUCIER, *Minority Staff Director*

CONTENTS

JANUARY 17, 1989

Page

Dole, Hon. Robert, a U.S. Senator from Kansas 1
Bentsen, Hon. Lloyd, a U.S. Senator from Texas 2
Gramm, Hon. Phil, a U.S. Senator from Texas 3
Baker, Hon. James A., III, of Texas, Secretary of State 10

AFTERNOON SESSION

Baker, Hon. James A., III, of Texas, Secretary of State 46

JANUARY 18, 1989

Baker, Hon. James A., III, of Texas, Secretary of State 99

AFTERNOON SESSION

Baker, Hon. James A., III, of Texas, Secretary of State 142

APPENDIX

Baker, James A., III, Secretary of State-designate:
    Prepared statement 180
    Responses to questions asked by Senator Pell 236
    Responses to questions asked by Senator Biden 238
    Responses to questions asked by Senator Dodd 265
    Responses to questions asked by Senator Helms 267
Dole, Senator Robert, prepared statement 214
Joint letter to President-elect Bush, dated December 9, 1988, from Senator Cranston, Representative Levine, and Representative Lawrence J. Smith 214
Iwanciw, Eugene M., Director, Washington Office, Ukrainian National Association, Inc., prepared statement 216
The Americas in 1989: Consensus for Action (preface) 224
Dawkins, Rev. Maurice A., prepared statement 229
Pell, Senator Claiborne, letter from, dated Feburary 9, 1989, to Secretary of State-designate Baker (with attachment) 233

NOMINATION OF JAMES A. BAKER III

TUESDAY, JANUARY 17, 1989

U.S. Senate,
Committee on Foreign Relations,
Washington, DC.

The committee met at 10 a.m. in room SH-216, Hart Senate Office Building, the Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Moynihan, Robb, Helms, Lugar, Kassebaum, Boschwitz, Pressler, Murkowski, McConnell, Humphrey, and Mack.

The Chairman. The committee will come to order. As a good omen for the coming Congress, I note it is exactly 10 o'clock. I hope that future meetings could start as promptly.

Before recognizing Senator Helms, ranking minority member, for his statement and making my own, I would like to welcome Senator Dole, the minority leader of the Senate, and Senators Bentsen and Gramm, who are here to introduce Secretary-designate Baker.

I would add that after Senator Helms has given his opening statement I will ask Mr. Baker to make his and we will immediately start with questions at that time after each of the Members have had their opportunity to ask questions.

I think our usual 10-minute rounds of questions should be expanded to 15 minutes throughout this round of questions. I would like to welcome our three new prospective Members—Senators Robb, Humphrey, and Mack. Although their appointments have not yet been ratified by the full Senate, I have indicated to them they would be able to participate fully in these hearings as if they were formal Members.

I would now recognize Senator Dole, the minority leader.

STATEMENT OF HON. ROBERT DOLE, REPUBLICAN LEADER OF THE U.S. SENATE

Senator Dole. Mr. Chairman, Senator Helms, I appreciate very much this opportunity to say a good word about my friend Jim Baker. I have an excellent statement which I will include in the record.

I have known Jim Baker for about 15 years, and I can attest to this committee that he is an outstanding man. He is a man of integrity, a man of principle. I think he is well known to everyone on this committee. He has had a number of very difficult assignments in the last 15 years in Government, and in each one he has done an outstanding job.

So, I am here as the Republican leader to indicate my support, and I think I can say our support on our side of the aisle, and I look for this to be unanimous confirmation.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Dole appears in the appendix.]

The CHAIRMAN. Thank you very much for doing us the honor to be here with us. Now I would recognize Senator Bentsen.

STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM TEXAS

Senator BENTSEN. Thank you very much, Mr. Chairman.

I am delighted to be here and to support the nomination of President-elect Bush for Jim Baker as Secretary of State. I have known Jim Baker for many years. I have known him as a political competitor, as a wise counselor, as a distinguished Secretary of State, and as a personal friend.

He is a native of Houston, TX. He combines an intellectual toughness with a personal friendliness that I think we all treasure. His family has given our State generations of leadership, and now Jim Baker is carrying on that tradition in Washington.

His combination of hard work and sound judgment has won respect throughout the executive branch and in the Congress and amongst what could otherwise be some skeptical journalists, and also in the international financial communities of the world.

When he went in as Secretary of the Treasury he did not have a long career of experience in financial affairs, and I wondered how he was going to pull it off. I think he did an extraordinarily good job.

I can recall at the time that I had had a running debate with the previous Secretary of the Treasury about what I believed to be an overvalued dollar, and that Secretary of the Treasury strongly opposed any change in its correlation with other currencies of the world. But Jim Baker changed that policy around in order to make our producers in this country more competitive and did it in a well-managed way.

He has had two decades of private law practice. He served on a number of corporate boards, has a good education. He has had military service. And through all of that he has had an impeccable reputation for integrity.

I think that his talents are particularly suitable for Secretary of State because he has that strategic vision that is necessary for our country and he also has what a politician understands, what is politically possible.

Like his distinguished predecessor, George Shultz, Jim Baker is well-grounded in foreign policy issues that are of increasing importance—the trade question, Uruguay Round, debt of lesser developed countries, the growth correlation between those countries and industrial powers such as our own.

I think he has achieved success in negotiation with foreign governments on economic issues which they sometimes think are perhaps more important than we do in international affairs.

I can recall the kind of consultation that we had on the 1986 tax reform bill, which was the most major reform of the tax system in 40 years, trying to cut out some of the loopholes where you had people making millions and paying no taxes, trying to bring back credibility in the tax system, and how so often those of us in the Congress feel that the executive branch does not consult. Jim Baker consulted so much with us at times we thought we had had quite enough of Jim Baker.

But he did a great job in communications. I can recall after the financial chaos that we had in the stock markets in October 1987 and the summit meeting we had then to determine priorities in the budget and try to make some headway in cutting the deficit, Jim Baker was very much a part of it.

I believe that our foreign policy will be in firm hands and that our national interests will be strongly protected if Jim Baker is Secretary of State, and I would hope that this committee would very speedily confirm him.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Bentsen.

Senator Gramm.

STATEMENT OF HON. PHIL GRAMM, A U.S. SENATOR FROM TEXAS

Senator GRAMM. Mr. Chairman, it is my great honor to be here today to introduce my friend and my fellow Texan, Jim Baker, and to join Lloyd Bentsen in telling you so many things you already know.

Jim Baker knows and is known by world leaders. Every Member of Congress who has worked with him, who has known him, knows that his word is good, that his judgment is sound, that he is a person who can get things done. I have worked with him in many capacities on many issues, and I have found Jim Baker to be a person who combines intellect and commonsense, which is an unusual combination of abilities.

I have also found him to be experienced. He has worked in many different capacities in the Federal Government, beginning as Under Secretary of Commerce. Many of us have worked with him when he was Chief of Staff at the White House, as a member of the National Security Council, as Secretary of the Treasury.

When you look at any one of the great achievements of the Reagan era, almost always there is the stamp of Jim Baker on that achievement. We have a great opportunity, it seems to me, in foreign policy because of the progress that we have made in the last 8 years. Much of that progress has been due to Jim Baker's leadership and I think, Mr. Chairman, making him Secretary of State, giving him an opportunity to deal with people whose respect he has already earned on behalf of America is a wise decision.

I am pleased to strongly support his nomination. I commend him to you. I am confident that he will be confirmed. I hope he will be confirmed on a unanimous vote. I think the service of Jim Baker is something we can all look forward to, and I have no doubt that Jim Baker will go down as one of the great Secretaries of State, as he has gone down as one of the people in each of the positions he has held in the past who has done the most, achieved the most, and produced the most progress for the American people.

So, I am happy to be here. I am happy to commend him to you, Mr. Chairman.

The CHAIRMAN. Thank you very much indeed, Senator Gramm, and I thank all of my colleagues for being here and introducing the Secretary-designate.

OPENING STATEMENT OF SENATOR PELL

I will make my opening statement and Senator Helms will make his, and then we look forward to hearing from Secretary Baker. I would hope my colleagues, if they wish to make statements, would do it in their allotted 15 minutes.

First of all, as we get underway, I would like to extend a warm welcome to Mr. Baker and also acknowledge the presence here of his wife, Mrs. Baker, and we are very glad that you are here for this occasion.

You have had a distinguished career. In recognition of the importance of the post which you are assuming and at the request of you and at the request of the majority leader, Mr. Mitchell, our committee is now conducting these hearings early and hopes to act on your nomination even before the nomination papers are formally received after the inauguration.

Members of our committee will have many questions to ask you in order to ascertain where our new President and you will be leading our Nation in the conduct of its foreign policy. Despite the bitterness and negativeness of the 1988 campaign, it is interesting to note that there are now fewer partisan differences in the area of foreign policy than I can recall in quite a while.

Accordingly, the circumstances could be propitious for the restoration of bipartisanship in foreign policy, which has been sorely lacking for quite a while. In this regard, during the course of these hearings the committee hopes to be assured of the new administration's commitment to work with Congress, not against it.

In my view, there is no more urgent priority facing you than to continue the momentum in arms control with the Soviet Union, more particularly in the area of strategic weapons. In this regard, I applaud the actions that have been taken by President Reagan and by Secretary Shultz. The evolution of the administration's arms control policy and rhetoric over the past few years demonstrates there truly is new thinking in Washington as well as in Moscow. Perhaps, with luck, there is a hope that you and President-elect Bush may have the great fortune to be presiding over the burial of the cold war.

As you develop your arms control strategy, I hope you will reject the advice of those urging that progress in the bilateral START negotiations be linked with developments in the upcoming Multilateral Conventional Stability Talks. The need to reduce the threat of nuclear war is of such overriding importance that we should not put new obstacles in the way of reaching agreement with the Soviets on a START treaty by tying it to any other matter.

It is simply bad policy to hold START hostage to a multilateral process that by its nature will be more difficult and more time consuming than a bilateral negotiation. We need to press ahead in the area of conventional forces, but on a separate track.

President Gorbachev's recent announcement of a unilateral cut in Soviet forces provides a good backdrop for conventional arms negotiations, and in this regard I hope you will be persistent in impressing upon our European allies that they must be prepared to do more themselves as part of the Western strategy to obtain further reductions in Soviet forces threatening Europe, to truly engage in burdensharing.

There are four other areas of foreign policy that are of particular interest and to which I hope serious attention will be given by you. The first is chemical weapons. Last year the Senate on three occasions passed legislation that I introduced to impose sanctions against Iraq for its use of poison gas against its Kurdish population. The administration, I regret to say, opposed this legislation but declared its interest in pursuing a worldwide ban on the production and stockpiling of chemical weapons.

Since chemical weapons is the poor man's weapon of mass destruction of the future, I hope the goals outlined by Mr. Bush in his Toledo speech last October will be one of the centerpieces of his foreign policy as President.

Second, I hope you will reexamine American policy toward Cuba. Our effort over the past 30 years to embargo, to isolate, to invade, and even to assassinate have all failed. In light of new thinking in Moscow, a peace initiative in Central America is, I believe, a good thing to embark upon. I visited Cuba in late November, and I am convinced that a process of small steps on each side could set off a chain reaction of actions beneficial to the peace of the entire Caribbean area.

Third, it will not bring us much comfort if an improved political climate is accompanied by continued destruction of the world's physical environment. I hope the new administration will approach such questions as depletion of the ozone layer, deforestation, and the overall greenhouse effect with real urgency.

Finally, I hope that you will dust off the Law of the Sea Treaty and give it a fresh review. An eminent Republican, Elliot Richardson, was ever so close to success before ideologs in the early 1980's persuaded President Reagan to withdraw U.S. participation in resolving a few outstanding issues. It would be a great achievement if the new administration helped to ensure the entry into force of a treaty designed to prevent conflict on three-fourths of the Earth's surface covered by oceans.

Senator Helms, I recognize you at this time, sir.

OPENING STATEMENT OF SENATOR HELMS

Senator HELMS. Mr. Chairman, I thank you very much and I join you, of course, in welcoming Mrs. Baker, a lady whom I admire very much, and also their son Jamie is seated right behind Mrs. Baker. We welcome him too. I know you are proud of your husband and your dad.

Mr. Chairman, I want to thank you for moving so expeditiously to hold these hearings on the nomination of Mr. Baker before the inaugural ceremonies on Friday. It is a tribute to the esteem that the chairman holds for the foreign policy process. It is also a tribute to Jim Baker's reputation in this city. He has fulfilled each of his responsibilities in a capable and professional manner.

Secretary Baker, I would say to you that you have already gone out of your way to make yourself available to members of this committee, and that bodes well, I think, for foreign policy based on bipartisan consultation.

Let me say publicly what I have tried to convey to you privately, Mr. Secretary, that I believe that you are uniquely qualified to carry out the President-elect's objectives in foreign policy. Mr. Bush comes with a strong mandate from the American people and in the field of foreign policy the President-elect is enormously qualified and respected.

Both Presidential candidates touched hidden springs of patriotic national feelings in the campaign, and we have emerged, as a result, as a people with our national identity reinvigorated. We are proud to be Americans in a world which sometimes seems to demand faceless internationalism. Our former colleague, Mr. Chairman, Herman Talmadge used to say that the State Department had a South American desk and an African desk and a European desk and what it needed was an American desk. I have a hunch, Mr. Secretary, that your desk is going to be the American desk.

Now the world today is remarkably changed from 8 years ago, as my distinguished chairman has just described. We face a new Soviet leadership that is more subtle and more effective in achieving its goals. As the President-elect said during the campaign, we must keep our eyes open and be cautious.

Indeed, the Soviet Union is much stronger militarily than it was 8 years ago. Its Krasnoyarsk radar is a material breach of the ABM Treaty. The Soviet Union has modernized its strategic weapons systems and tested them against the United States. But its economy is bankrupt.

And the question is perhaps whether United States banks will be permitted to finance the Soviet deficit to bail them out. We shall see.

Now President Reagan could rightly boast that not a square foot of territory has fallen to the Communists during his term in office, two of them, but the freedom fighters are still fighting in Afghanistan. The freedom fighters in Nicaragua have been left high and dry by this Congress. And already thousands of refugees are knocking at our door in their flight from Communist tyranny. Perfectly predictable. Many of us said it would happen and it is happening.

In Namibia, the State Department mediated an agreement which will almost assuredly result in a so-called democratic takeover by a Marxist terrorist group, SWAPO. And the same agreement leaves our ally, Jonas Savimbi, dangerously exposed in Angola while the Cuban occupation force supposedly withdraws. But we will talk about that.

These are some of the important problems which our Nation faces, but there are many others as well—the future of our free market economies in South America, the role of Soviet intelligence agencies in spreading the drug trade, the need to eliminate the Communist insurgency in the Philippines, the rise of the European community as a single trading area in 1992, our trade and financial relationships with the Pacific Rim and so on.

But finally let me focus for a moment on the growing menace of the proliferation of chemical warfare capability to nations that have a history of promoting terrorism. Mr. Bush said during the campaign that there was one thing he would like to be able to tell his grandchildren, and that was, and I quote him, "Your grandfather, working with the leaders of the Soviet Union, working with the leaders of Europe, was able to ban chemical and biological weapons from the face of the Earth."

I too would like to be able to tell my grandchildren that I helped the President and that I helped the Secretary of State to attain this goal. From my discussions with the distinguished chairman, I think, as a matter of fact I know that he shares that goal, and I tell you, Mr. Chairman, I stand ready to work with you.

The international prohibition on the use of chemical and biological weapons by and large held fast until the late 1970's, when the Vietnamese Communists began using so-called yellow rain to overcome resistance to their conquest in Indochina. They demonstrated that chemical and biological weapons are extremely effective, as the chairman has indicated, yet they received little censure, almost none, from the world community.

Once the prohibition against chemical weaponry was broken, a vile international trade in the materials and technology related to chemical and biological warfare has risen. It is not just countries that adopt policies of manufacturing chemical and biological weapons. No, sir. Well-known industrial firms in the West provide precursor chemicals, build the chemical plants, fabricate the weapons, and facilitate the delivery system.

According to published reports, a German chemical company built the Libyan poison gas plant and a Japanese firm machined the bombs, and a German company is providing the air-to-air refueling capability so that Colonel Qadhafi can wage war on his neighbors. What is more, published reports say that Germany's largest bank financed this deal and up to 30 other German and Belgian banks and firms, as well as the Swiss banks, participated.

So, that is a problem, and I am sure it is one that the Secretary is going to face right at the beginning.

If we are to make the President-elect's dreams come true, we must work out an approach, I think, that applies to sanctions not only against the countries that are supplying these weapons to terrorists but against the Western industrialists who are coconspirators in the chemical weapons trade.

Mr. Secretary, Mr. Chairman, I look forward to working with you on these and other challenges. Thank you very much.

OPENING STATEMENT OF SENATOR MCCONNELL

Senator MCCONNELL. Mr. Chairman, Secretary Baker, I am delighted the Foreign Relations Committee is holding the first one of a series of congressional confirmation hearings on President-elect Bush's Cabinet Secretary appointments. Although I think each of the President-elect's choices have been excellent, I am especially pleased by the priority and promise the President has affirmed in the U.S. national security agenda by appointing one of his longstanding and most capable advisors to the position of Secretary of State. George Bush brings more personal foreign policy experience and judgment to the international challenges facing our Nation than any President in recent history. Jim Baker is a reflection of that understanding and commitment to the sound, democratic, and moral tradition of American diplomacy.

As he assumes his new responsibilities, Secretary Baker will have the advantage of building on a sturdy foundation and record of success—I might add, in some cases, surprising success. Eight years ago I do not think any one would have anticipated the improvement in United States-Soviet relations that President Reagan and Secretary Gorbachev have developed. Whether considering the arms control front and the major milestone of the INF Treaty or contributing to the resolution of the conflicts in Afghanistan and the Persian Gulf, President Reagan leaves office with the world a safer, more peaceful, democratic place.

But the work is not done. The promise of peace, economic security, and democracy compels American engagement around the world, around the clock. The next President and his team have unfinished business and demanding challenges ahead. Several issues are of immediate concern, beginning with the crisis in Central America. President Reagan's vision of peace and freedom in Nicaragua eluded both its citizens and some of the brightest international diplomats who have struggled with policy, programs, and proposals. I have every expectation that Secretary Baker will bring fresh perspective, energy, and ingenuity to the problem. I also hope the Soviets will demonstrate the same interest in resolving tensions in Nicaragua that they have shown in Afghanistan and southern Africa. A cornerstone for any agreement must be the cessation of the massive flow of military assistance to the Sandinistas.

El Salvador also looms large on my horizon of concern. With elections around the corner, violence is on the upswing. The guerrillas have launched a campaign of intimidation, terror, and assassination forcing law abiding, dedicated public servants to quit their posts or lose their lives. There is growing concern about death squads, an unwelcome development which has troubled El Salvador before. Given President-elect Bush's critical role in the past in El Salvador, particularly regarding American anger and opposition to death squad activity, I am hopeful he and Secretary Baker will sustain a hands-on approach to nurture democratic development and progress.

Further afield, a host of issues continue to tax our diplomatic skills and challenge our political and economic security interests. The recent explosion of PanAm 103 is a grim reminder that terrorism has not been effectively addressed by nations either individually or collectively. We must review our policy and choices when deterring or responding to a terrorist threat. A decision may be called for in the near future if the PFLP-GC is indeed linked to the PanAm attack. One country has provided advice and safe haven to the PFLP-GC and Syria must answer for this support.

There are several other major issues which I think the Secretary will have to immediately tackle including the course of the dialog with the PLO, the implementation of the Angola accord, and the crushing debt burden in developing nations. However, the Secretary's success with this immediately urgent agenda will be shaped by several long-term trends which are worth noting. First and foremost, there is a recognizable shift underway in the very nature of America's alliances. The manifestations of this change are evident both overseas and across our country. The domestic debate over defense burdensharing is an expression of frustration of the considerable economic toll our alliances exact. In Kentucky, I keep hearing, while we assure the political security of many nations we do so to their economic advantage. We provide the military shield for their economic sword. The threat of Korea is a dim and distant memory.

On the other hand, many of our traditional, reliable allies are experiencing the growing pains of all democracies giving rise to a renewed spirit of nationalism. Countries which have hosted American bases for decades are questioning the historical ties and shared goals that have served as the foundation for regional peace and cooperation. They are demanding new, sometimes unreasonable terms for a continuing military, albeit American, presence. Being out there on their own doesn't look as difficult as it did during World War II, especially when lulled by glasnost.

Combine the changing expectations and nature of our alliances with the everincreasing pressures on the American foreign affairs budget, a historical earner of good will, and it is clear that you have your work cut out for you, Jim. In this context, I think it is imperative that this committee try to set aside another, disturbing trend, that of partisan differences. Moreover, international challenges demand that the Congress and executive branches work to diminish recent institutional rivalries or we will all contribute to the erosion of America's image and influence.

Secretary Baker, having laid out some of the difficulties which lie ahead, let me conclude on a more optimistic note. As I noted at the outset, I cannot think of a recent President who has brought more personal experience and interest to the national security arena nor a Secretary of State who has enjoyed the absolute confidence that characterizes your relationship with our President. He has good reason to be confident and proud of his choice, and I look forward to continuing to work with you as you embark on your new assignment.

The CHAIRMAN. Thank you, and I thank the ranking minority member for his statement. I would suggest now we hear from Mr. Baker. I would hope my colleagues, if they have opening statements, would use their question period and, as I suggested earlier, it would seem appropriate to make it 15 minutes for each of us as we go down the line. That gives my colleagues an opportunity to figure out if they want to slip away and come back at different times.

I now recognize Mr. Baker. I notice that you have a hefty 33-page statement.

STATEMENT OF HON. JAMES A. BAKER III, OF TEXAS, SECRETARY OF STATE

Secretary-designate **Baker**. I do not plan to read it all, Mr. Chairman. I would like to summarize it, if it is all right with you, and ask that the full text be submitted for the record.

The **Chairman**. Without objection.

Secretary-designate **Baker**. First, Mr. Chairman, I would like to thank the minority leader, Senator Dole, and my home State Senators, Bentsen and Gramm, for introducing me this morning. I am very appreciative of their being here.

Second, Mr. Chairman, I want to say it is an honor to appear before this committee as President-elect Bush's nominee to be Secretary of State. I very much appreciate your willingness to hold these hearings while we are still in the transition period. I think every administration aspires to hit the ground running instead of just hitting the ground.

With your permission, Mr. Chairman, I will summarize my written statement, as I have indicated.

This Friday, a new President takes office. He will govern an America vastly different from the country that we knew even as recently as the beginning of this decade. When George Bush first campaigned for the Presidency American institutions and American values were being questioned. Over the last 8 years I think it is fair to say that we have reaffirmed them.

As a result, our Nation has emerged much stronger both at home and abroad and for this we owe thanks to Secretary Shultz and, above all, to President Reagan. The legacy of the Reagan era, I think, is a more vibrant America. We have proven that our President can lead. We have proven that our Government works, that progress can be made. The creativity of the individual and respect for his or her rights, which of course are the touchstones of democracy, have become once more ideas in the ascendancy.

Some of that vibrancy is reflected in the international developments of our time. Our most powerful foe, the Soviet Union, so aggressive a decade ago, is undergoing an ideological soul-searching of historic proportions. Regional conflicts long thought to be intractable in Southwest Asia and southern Africa, for example, have begun moving toward resolution with the help of creative American diplomacy.

And the international economy, driven by the longest American peacetime economic expansion on record, has provided new hope for progress. These developments are symptomatic of the great changes and challenges that we face in the decade ahead.

Mr. Chairman, I think that our world is undergoing five very significant transformations. First, the democratic revolution. Many nations in Latin America have recently achieved democracy or they are struggling toward it, while in Asia the Philippines and South Korea have joined the democratic ranks. Many of these democracies, we all recognize, are very fragile.

Second, the spread of free enterprise. "Free markets" and "private initiative" are the new watchwords of economic development. Why? Because these concepts work in practice. Classic socialism and variants of government-controlled economies have been largely discredited, but in many regions the problems of debt, large trade imbalances, and protectionist pressures overshadow this progress and seriously threaten our future.

Third, change in the Communist world. Virtually every Communist government is now experimenting with economic ideas that were once denounced as heretical, including a role for a market economy. But the crisis of the Communist systems, even by their own admission, is considerably broader. Political change, especially the demand for freer institutions, is very high on the agenda, yet it is not clear that reforms will be successful or that democracy will be the outcome.

Fourth, technological progress. Rapid advances in the technology of information and communications have helped to bring about a global economy, shrinking time and space and transcending the traditional boundaries of the nation state. But it is not yet certain that we will have the cooperation which we need to cope with these changes.

Fifth, new military trends. The same technological change affecting the international economy is altering strategic military relationships. Precision guidance enables the conventional weapons of today to destroy targets that in years past were assigned primarily to nuclear weapons. Research on the strategic defense initiative is exploring the potential for altering the future mix of offense and defense.

But there is another I think more worrisome aspect of the new military trends, and you alluded to it and so did Senator Helms in your opening statements. A dangerous proliferation of high technology has begun. Just as we are controlling or eliminating some nuclear weapons, chemical warheads and ballistic missiles have fallen into the hands of governments and groups with proven records of aggression and terrorism.

So, Mr. Chairman, I think these five transformations present us with a series of contraries or paradoxes. We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be reversed. The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs, ultimately to the disadvantage of all.

A properly conceived approach by the Atlantic Alliance could extend the progress we have made with the Soviet Union, or, through mistakes on either side of the Iron Curtain, this opportunity could be lost.

Finally, new military technologies could provide a greater stability at lower levels of forces, or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair trigger, particularly in politically unstable regions.

I am asking you to vote to confirm me as Secretary of State, so it is right and proper that I tell you as best I can of my approach to this challenging world, this world of contraries. During my legal training, Mr. Chairman, I became aware of a set of lectures by Justice Benjamin Cardozo called "The Nature of the Judicial Process," and I recall being struck by his observation that "there is in each of us a stream of tendency, whether you choose to call it philosophy or not, which gives coherency and direction to thought and action."

Some have described my philosophy as pragmatic. I would like to say that labels can sometimes be misleading. I am actually a Texas Republican, all of whom are conservative. I will admit to pragmatism, however, if by that you mean being realistic about the world and appreciating the importance of getting things done.

My purpose is not to understand this world in order to accept it, but to understand it in order to change it where necessary—sometimes by large steps, often of necessity by small steps, yet always pressing forward. And I think the only sure guide for such change is the compass of American ideals and values—freedom, democracy, equal rights, respect for human dignity, fair play—the principles to which I adhere.

I believe in freedom for the individual because it is a God-given right and the source of human creativity. The Founders of our country recognized that such freedom was preserved best by limited government—the checks-and-balances system that still provides the framework for our success. Part of that system is a decentralized government, a government close to the people, a government of the people.

I would argue, too, that economic freedom, the free market system, is an essential part of the framework. Finally and above all, I believe, like Lincoln, that the United States has a special role in this world, a special contribution to make, as he put it, "the last, best hope of Earth."

My sense of realism, my stream of tendency, if you will, tells me that we can advance toward these ideals if we are resolved on two issues. The first is the necessity for American leadership. Some years ago as Secretary of the Treasury I spoke of the leadership choice, but in fact I think it may be no choice at all. As the most powerful democracy, the largest economy, the wealthiest society, and the greatest concentration of scientific talents, we are going to substantially affect the future whether we do so consciously or not.

U.S. leadership must adjust for a world that has outgrown the postwar era. Emerging realities will not permit a blind isolationism or a reckless unilateralism. Only through a realistic approach can we write a new chapter of American leadership for a rapidly changing world.

There is a second issue we must resolve, and again it has already been spoken to this morning. It concerns the relationship between the Executive and the Congress in the realm of foreign policy. Simply put, we must have bipartisanship to succeed. That is the verdict of history, and that is the verdict of recent experience.

On this subject, let me quote Dean Acheson. He was evidently acquainted with some of our Texas customs, because he said that there was a rule in the saloons of the Old West that you "never shoot the piano player." And Dean Acheson wrote that in foreign policy the President was the piano player.

So, yes, this is an appeal, Mr. Chairman, for a kinder and gentler Congress, but bipartisanship is also a great deal more than Dean Acheson's holy water sprinkled on political necessity. It is the lubricant that enables the branches of Government to overcome their natural constitutionally designed friction, a friction that arises from our differing perspectives and our different responsibilities.

Let our recent experience be our teacher. When we held the line together on Afghanistan or throughout the INF negotiations, we succeeded. When we did not in Central America, the outcome was unsatisfactory to everyone. So, the conclusion is inescapable. In order to succeed we simply must work together, and a bipartisan foreign policy, I think, is sustained by three principles.

First, trust that we each have the public interest in mind, that we are doing our best to carry out our respective responsibilities. Second, consultation, that we are trying to communicate, that we are taking off and landing together. Third, consistency, that our decisions and agreements, once they are arrived at, are in fact decisions and agreements that will be kept.

Senators Danforth and Boren have suggested a new means of consultation, including periodic meetings of Members of Congress with the Secretary of State and sometimes the President to discuss the larger and longer term issues. As President-elect Bush wrote to Senator Danforth on November 18 last year, "As soon as my national security team is in place, I will ask them to meet with you to discuss your excellent suggestions." I look forward to that meeting.

Armed then with the conviction of American leadership and the practice of bipartisanship, let us together, Mr. Chairman, the Executive and the Congress, tackle the formidable agenda which is before us.

First on that agenda is our neighborhood, the countries that border us, the countries of our continent and our hemisphere. The United States of course is both a continental and a maritime power, which gives us a very unique geopolitical perspective. But we are not exempt from the old rule that foreign policy begins at home. It is rooted and it must be rooted in our values, and it gathers both strength and vitality from our immediate neighborhood.

Recently, working with Canada, we were able to achieve a free trade agreement, something both nations had sought for 100 years without success. In my view, the free trade agreement is in our mutual interest and there are geopolitical implications that go far beyond the economic significance of this agreement.

The United States-Canada agreement represents a signal success in a strategy designed to move all nations toward a more open trading system. It shows that an active, internationalist free trade policy can catalyze a bipartisan domestic coalition and can turn back the forces of protectionism. And we look forward to working with Canada on other important issues, including international environmental problems, as we extend the range of our new cooperation.

To the south, we have an equally significant set of issues to consider. Our neighbor Mexico is deeply in debt and faces some serious challenges to its social fabric. But Mexico also has many assets—the capabilities of its people and its significant natural resources. The Mexican Government, led by President Salinas, is taking the road of economic and political reform. It is a difficult road and we are determined to help. It is in our interest to do so.

It is time that we regarded Mexico with the respect and the seriousness it warrants. Whatever the past, we must all be aware that

America's relationship with Mexico means a very great deal. I happen to believe, Mr. Chairman, that it is as important as our relationship with any other country in the world. I am convinced that we can make progress together, working on the basis of equality and mutual respect.

Another matter on our agenda of course is Central America. We have now had nearly 10 years of frustrating and sometimes contradictory American policies toward that region. Some successes have been achieved. Most Central American nations are more democratic and more respectful of human rights than they were, and we must help to defend those achievements from threats against human rights, whether the threats are from the left or from the right.

Still the overwhelming blemish remains—the terrible draining conflict between Nicaragua and her neighbors, and between the Nicaraguan Marxists and their own people, some of whom have taken up arms and merited American support.

Starting in 1987, all of the governments of the area stepped back from the brink long enough to agree on a set of principles for peace. The Esquipulas agreement, known as Esquipulas II and authored by President Arias of Costa Rica, expresses well everyone's objectives. It is a good platform for peace, but what it lacks, in my view at least, is a mechanism for enforcement.

Clearly we need a different approach. We need an approach that must be bipartisan here in Washington if it is to succeed there in the region. Events have shown that only such bipartisan action influences the Sandinistas. That is why we must unite on clear goals for Central America—democratization, development, and security for every state in the region.

All of them must be free of the fear of subversive neighbors. All of them must be able to share in an economic development plan, perhaps assisted by our European and Japanese allies. But none of this can occur unless the promises of democracy and security become reality. We must insist on protection for human rights in Nicaragua, El Salvador, and their neighbors, applying at all times equal standards fairly to all.

These objectives of American diplomacy carry a great national responsibility. We cannot and we must not abandon the democratic resistance. We must stand by them until our mutual goals are achieved.

Finally, I would like to make a suggestion. In 1992 we will celebrate the 500th anniversary of Columbus' voyage of discovery. I would like to suggest that today we embark on a voyage of rediscovery of the Caribbean and of South America. Our neighbors in this hemisphere are engaged in a quest for greater freedom and economic progress. We share many of their interests and together we also face the scourge of drugs. Now is the time to take a fresh look at these problems and to make more of our opportunities to overcome them.

Let me move now from our neighborhood to the broader world of our friends and allies. Through commerce, political alliance, and defense agreements, the United States links together two highly dynamic advanced regions—Western Europe and the nations of the Pacific. We are at once an Atlantic power and a Pacific power, and there should not be any thought to expand one relationship at the expense of the other.

Realism compels us to understand the great changes taking place among our allies and friends in both regions. This year marks the 40th anniversary of the founding of NATO, the most successful alliance in history. But today's Western Europe is not the exhausted Europe recovering from its own devastation, nor is it yet the single Europe of the political visionaries.

A new appreciation is needed on our side and theirs of how we can adapt to changing circumstances as a force for peace. Certainly in the first instance it requires, as President-elect Bush has suggested, a meeting of our minds on how we proceed with a changing Soviet Union. The stakes have not changed. Our commitment to NATO is stronger because we as nations are stronger. As long as Europe remains the most heavily armed continent, where American and Soviet troops face each other on the front lines, the Atlantic alliance will be our first line of defense.

1989 also marks 32 years since the signing of the Treaty of Rome that gave official birth to the Common Market, and in only 3 more years the enlarged Common Market will have achieved the objective of that treaty, a single market. But will this new Europe, a rising economic superpower, be outward looking or inward? As an ally and as a major trading partner, the United States will take a keen interest in this transformation.

Turning to the Pacific Rim, we find a striking success already in the making. No area offers comparable achievements in creating advanced economies in record time. This economic progress is anchored in the remarkable partnership which is now four decades old between the United States and Japan. I expect that partnership to strengthen further and to expand in scope.

Many have spoken of the Pacific Century and the Pacific Rim as the world of the future. One thing I think is certain: The world's economic promise to the end of this century depends on how well the United States and its Pacific partners manage their affairs.

Our relations with the Pacific, as our relations with Europe and indeed our own continent, must emphasize outwardlooking economic policies that promote trade and growth. The rule that success brings responsibility will find a fuller expression as the Pacific nations assume more important economic and political roles.

Our policy toward the Pacific as a whole must tie together all strands to assure the region's economic growth, with its global implications, in the context of a secure regional deterrence. I think we are going to see in Asia the necessity for closer coordination with ASEAN and other regional groups, and perhaps even new institutional arrangements.

The future of our civilization also demands that we act in concert, Mr. Chairman, to deal with a new class of problems, transnational in scope. Terrorism has become a means for small groups, sometimes supported by nations, to attack innocent civilians around the world. The narcotics traffickers have become powerful enough to undermine governments, even as their drugs poison societies. Fanatics spread their messages of intolerance and hate using mass communications that cut across borders.

Every nation also knows now that we face major ecological challenges. The tides and winds can spread environmental damage to continents and hemispheres far removed from the immediate disaster. Scientists have warned us against the possible consequences of a long-term warming trend or the so-called greenhouse effect. No one has yet perfected the policies of collective action that we need to deal with this special range of global problems.

But the stakes are too high for us to desist. We will begin with our allies, include our friends and challenge our adversaries to make common cause in treating with these issues.

Beyond the Americas, beyond greater partnership with our allies, beyond facing global problems, lies the United States-Soviet relationship. Thanks to the policy of peace through strength pursued over the last 8 years, our dealings with Moscow have become noticeably less tense. Some have suggested that this progress deserves a radically different U.S. policy; others fear that Mikhail Gorbachev has stolen a march on the democracies through such actions as the unilateral reduction in troops and tanks in Europe.

The meaning and permanence of the new Soviet policies are being debated intensely here and abroad. There are good reasons for both optimistic and pessimistic views of today's Soviet Union. No one can doubt that there are very real changes. Many of them were unthinkable just a few short years ago.

So, there are reasons to be hopeful, but realism requires that we be prudent. However fascinating the twists and turns of perestroika may be and however riveting the details of Soviet decline as reported in Soviet newspapers, the Soviet Union remains a very heavily armed superpower.

The talk is different, but the force structure and policies that support far-reaching interests and clients have not changed commensurately. Many of those policies and those clients are hostile to American values, and they threaten our interest and our allies. That is a reality.

Still I would not underestimate the impact of Moscow's domestic problems on Soviet foreign policy. Marxism-Leninism as a philosophy for a society must be in doubt when the system after 70 years produces declining health, shortages of food and consumer goods, and an obsolete industrial base.

The political changes now being made are themselves reflective of a continuing paradox. While the purpose of reform is ostensibly to prevent a recurrence of dictatorial abuse, the reform itself depends on the concentration of power in just one man's hands. In light of both the change and continuity in the Soviet Union, realistic American policy should I think be guided by these principles.

First, we should continue to welcome reform and changes in the Soviet Union that promise more freedom at home, in the workplace, or in public institutions. But we should never measure the progress of Mr. Gorbachev's reforms by how many credits, concessions, or accommodations we might make ostensibly to help him succeed with his domestic plans.

Ultimately, as the Soviets themselves acknowledge, perestroika depends not only help from outside but on political, bureaucratic, and sociological changes in the Soviet Union.

Second, while recognizing that Moscow's policies are informed by a new sense of realism we should also understand that our policies have contributed to that sense of realism. Where we have not raised the cost of adventure or aggression we see little evidence of change.

Third, we must continue to probe Moscow along every aspect of our agenda—arms control, human rights, regional conflicts, bilateral relations. Human rights means full compliance with the Helsinki accords. There can be no relaxation of our standards on this issue.

Fourth, we need additional focus on the regional conflicts, whether in Central America, South Asia, Southern Africa, the Persian Gulf, or the Arab-Israeli conflict. We should not allow the rhetoric of restraint to become a substitute for restraint itself. Nor should we permit interest in diplomatic processes to be sufficient in the absence of a commitment to making actual progress.

Fifth, we may need a new category in our relations to deal with the global problems I mentioned a moment ago, such as terrorism, drugs, and the environment. We ought to find out whether Moscow can be helpful on these issues and, if not, why not.

I am convinced that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. Our task is to arrange affairs so that whatever the outcome of perestroika a more responsible, constructive Soviet foreign policy will remain in Moscow's interest.

I want to turn now, Mr. Chairman, briefly to some of those very regional conflicts that have denied peace and freedom to the peoples of southern Africa, South and Southeast Asia, and the Middle East. We have made encouraging progress, I think, in the recent agreement that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola, and we will be watching very carefully to be sure that Cuba does carry out its obligation.

But more is needed. Angola desperately requires national reconciliation, and until that occurs we shall continue to support UNITA and Jonas Savimbi, as President-elect Bush has indicated.

Turning to the Middle East, the Arab-Israeli conflict has long engaged America's attention, its resources and goodwill. Now President Reagan has authorized a dialog with the PLO. Dialogs, Mr. Chairman, bring messages, and we are bringing a message to the PLO about terrorism and about the need for even more realism—realism that makes practical progress on the ground possible.

But the existence of the dialog should not lead anyone to misunderstand our overall policy or to question our enduring support for the State of Israel. Nor have we altered our belief that an independent Palestinian state will not be a source of stability or contribute to a just and enduring peace.

Today the rocks are flying and the blood is flowing, bad blood, between the Palestinians and the Israelis in the areas under Israeli military administration. We are determined to build upon the achievements of our predecessors in changing that situation, which must be the foundation of a secure peace, and we look forward to working with all of the parties in the area to achieve it.

The final point I want to discuss today is the proliferation of new and dangerous weapons, often to states with a history of terrorism and a history of aggression. Perhaps the most frightening is the combination of the ballistic missile, against which there is currently no defense, and chemical weapons, outlawed, of course, as a crime against civilization. Yet the fact remains that these weapons have been used. The international reaction to such use has not been strong enough nor has it been timely enough.

So, Mr. Chairman, clearly we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with the strong hand of a strong America, and we shall persist because we know that the stakes are very, very high. In a few years we could know whether a lasting constructive relationship with the Soviet Union is possible. We could know whether the world economy will progress. We could know whether our allies in Europe and Asia will look outward.

We could know whether we could extend arms control and deterrence, whether we can deal successfully with global problems like the environment, terrorism, and drugs, and whether we can create the new frameworks for the developing countries to move forward free of the curse of regional conflicts.

For me and for my generation these are great prospects, but they are even greater for the next generation of Americans. President-elect Bush spoke for all of us when he said to a group of students at Westminster College, "We have lived our lives partly in the sunlight but always in the shadow of struggle. That struggle is not yet over." And then he toid these young Americans, "Your generation has an opportunity to emerge from that shadow and finally enjoy the sunlight without fear."

Mr. Chairman, members of the committee, I am certain that a realistic American leadership can seize that opportunity and usher in a more peaceful and prosperous era. It is the chance to lift the shadow of a struggle and to leave a better world for America that motivates me. That is why I am here today and that is why I seek your support. Together, and under the leadership of our President, we can do it.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Baker appears in the appendix.]

The CHAIRMAN. Thank you very much indeed, Mr. Secretary.

I would ask our sergeant at arms to set the clock for 15 minutes on these questions.

On a slightly lighter tone, I would note that it is of interest to you as a Princeton graduate that the Secretaries of State and Treasury are both held by Princeton graduates and that you are succeeding a Princeton graduate. I just could not help mentioning that to lighten the proceedings for a second.

Going to the START talks, each administration when it comes in—Democratic or Republican—always goes through a period of rediscovering the wheel. The START negotiations were pretty well developed under the Reagan administration, but I just was curious as to your own thinking as to when your review, the rediscovery of the wheel, whatever we call it, will be complete and we can really plunge ahead and get that agreement, which was almost worked out 3 months ago.

Secretary-designate BAKER. Mr. Chairman, I wish I could give you a date, but I cannot because frankly that is going to be a decision that will be made by the President after discussion not just with the Secretary of State but with the Secretary of Defense and other national security officials.

We have to, it seems to me, do more than just simply review the position; we must take a hard look at our negotiating position. I must make some recommendations to the President with respect to whether or not we should change any of our negotiating objectives, and the Secretary of Defense is going to have to make some recommendations to the President with respect to strategic modernization that impact this area as well.

So, I am unable to give you a firm timeframe. The President-elect has made it very clear that he wants to build upon the progress that has been made to date in the START negotiations, but we do want to review the bidding. We want to take sufficient time to do it right, so that if we accomplish a treaty we can bring back a treaty that we can get ratified here in the Senate.

The CHAIRMAN. Would you agree that the movement in this direction should proceed without any linkage to any other discussions or negotiations that are going on?

Secretary-designate BAKER. Well, I imagine that issue too will be surfaced with the President and considered by him. It would be my thought, initially at least, that we should move forward with the START negotiations without necessarily linking them to anything else.

We do now have what seemed to me at least to be a balanced outcome to the CSCE discussions in Vienna, so we know that conventional arms negotiations will be commencing, will be beginning, and I am not sure that formal linkage is something that would be required.

The CHAIRMAN. Thank you very much.

In connection with chemical weapons, President-elect Bush said, "If I'm elected President, if I am remembered for anything it would be this—a complete and total ban on chemical weapons." What specific steps do you see yourself taking as his Secretary of State in moving in this direction?

Secretary-designate BAKER. Well, again, as you know, Mr. Chairman, there has been recently concluded in Paris an international conference on chemical weapons. I think we need to continue to move that process forward. Some people say, "Well, you can never get a chemical weapons agreement because it is so difficult to verify" or "You cannot expect to stop the proliferation of chemical weapons because it is just going to happen." And I suppose my answer to those folks would be that our nonproliferation efforts sometimes work better than we think they might.

Years ago, when we first started working against the proliferation of nuclear weapons, I doubt that there were many people who would have thought that today we would have seen as little proliferation in nuclear weapons as we have seen when these things started 25 years ago.

So, it is going to be something that is very much at the top of our agenda. We recognize fully the problems with verification, but we would like to move the process because we think the threat is so substantial, as the President-elect has indicated.

The CHAIRMAN. Senator Helms and I had legislation that passed the Senate but was opposed by the previous administration exerting sanctions on Iraq for their actions against the Kurdish minority using chemical weapons. What is your own view with regard to the imposition of sanctions on those nations that do engage in not only the manufacture but the use of chemical weapons?

Secretary-designate BAKER. Well, generally speaking I think I would be in favor of that, Mr. Chairman, although I think we have to recognize that sanctions sometimes work and sometimes do not work. If you are talking about diplomatic and political sanctions, I think they have sometimes a better chance of working than economic sanctions.

It is my understanding that the reason the administration opposed that legislation was because they thought that at the time, with reference to that particular country, it would be quite counterproductive. But generally speaking I think we have to take firm measures. We are going to have to be willing to take, as my statement indicated, firm measures to stop the proliferation of chemical weapons.

The CHAIRMAN. Thank you.

Last week Secretary Shultz, for whom both you and I have great respect, offered a summary view of his experience as Secretary of State by placing many of the problems in American foreign policy on what he described as a chaotic Congress. I was wondering what your own views were with regard to that.

Secretary-designate BAKER. He has already been confirmed. [Laughter.]

You heard what I said, Mr. Chairman, in my statement about the need for bipartisanship, and I really do believe that that is absolutely essential if we are going to be able to make progress in foreign policy. As I indicated in my statement, where we have succeeded we have been unified and where we have failed we have not.

So, we must work. It is a two-way street. We have got to do certain things better. I think it is fair to say that maybe the Congress can do certain things better as well. I would like to start my tenure as Secretary of State, if I am confirmed by the committee and by the Senate, moving very, very aggressively to see if we cannot get to bipartisanship in foreign policy.

That used to be traditional with the United States, and I would hope that we could find a way to get back there. I would expect to spend a lot of time consulting.

The CHAIRMAN. I look forward to working with you in that direction, I know.

Finally, on page 21 of your statement you mention an international conference on environment that we will take the lead in calling for and moving ahead on. Are you thinking of a conference like the Starcom conference of 1972? Would it be one called by the United States? Would it be in the United States? What is your thinking on that?

Secretary-designate BAKER. We have not firmed up the details of that, Mr. Chairman. That was a campaign commitment of the Vice

President. But again, as I indicated, I think one of these three major transnational problems that are facing us is this collection or aggregation of environmental problems, and we need to begin dealing with those.

I had some experience with this during my tenure as Secretary of the Treasury in dealing with the World Bank in working out environmental standards that the bank would apply in making some of its loans. The Vice President is very committed to the environment, as am I, and we have not gone beyond what you see in the statement in terms of fleshing out the details of where that conference would be, what it would cover, and when it would be held.

The CHAIRMAN. I think it is an excellent idea and I do hope you push ahead on it.

I will desist in my questioning now and turn to the ranking minority member.

Senator HELMS. Thank you, Mr. Chairman.

Mr. Secretary, let us talk just a little bit about the agreement implementing U.N. Resolution 435, which was mediated by the State Department. I am concerned, frankly, about the impact of this agreement and how it may adversely affect our loyal ally and friend, Jonas Savimbi, with whom you have visited, who has spent a number of hours in the Oval Office.

I do not know of anybody who does not claim to support Jonas Savimbi. He has fought two wars against colonialists, first against the Portuguese and now against the Cubans. As I told you last November when we visited, I told you I was going to do, I did do. I sent a staff investigating team to Angola to discuss the agreement with Dr. Savimbi.

I have tapes. I have transcripts. I am in the process of studying them. The interview was extensive, and I think it is fair to say that at best Dr. Savimbi is hopeful that the agreement will lead to total withdrawal of the Cuban troops. Indeed, he has pledged not to attack the Cubans, as you know, as long as they continue to withdraw.

OK. He is simultaneously very, very concerned about the way the agreement is to be implemented. I might say that I have some concern that he was not consulted. I do not understand that kind of mediation and negotiation.

But what Dr. Savimbi is saying about the implementation of the agreement is that if it works, it is great. If it is not implemented properly, however, another group of freedom fighters will have been betrayed and washed down the drain. And I hope that none of us want to see that happen.

So, the question is whether the Cubans are going to be in a position of being allowed to attack UNITA during this withdrawal period. As I understand it, the timetable set up by the agreement stipulates that the Cubans are supposed to withdraw to the 15th parallel by July 1 and to the 13th parallel by November 1.

Well, the first withdrawal date seems to me to be pretty meaningless because all of the main Cuban bases are already above the 15th parallel. Moreover, July 1 is right at the height of the dry season, the time when military operations are indeed feasible. But November 1 is a different kettle of fish, Mr. Secretary. The second withdrawal deadline comes just before the dry season ends, and what this amounts to is that the Cubans have 7 months of dry weather to attack Savimbi.

Now I took a little time laying the predicate for my question, but I thought it was necessary. I have two of them. The first question is whether any commitments have been obtained from the Cubans and the Communist MPLA forces that they will not attack Jonas Savimbi's forces during the withdrawal period. Do you know?

Secretary-designate **Baker**. No, sir, I do not. I am not aware of any. Based on what I know about the agreement, it is my understanding that the agreement does not touch upon the question—a very important question to us, I might add—of national reconciliation in Angola, and therefore it does not speak to what Dr. Savimbi would do or what the Cubans might do during the period of implementation, except with respect to the Cuban withdrawal process.

Dr. Savimbi is free to continue to do what he has been doing, and I suppose that the Cuban forces in Angola would be free to continue doing what they are doing. He would be free, of course, to continue to receive support from sources that he has been receiving support from throughout the implementation period.

Senator **Helms**. Well, I was going to ask you about that. But let me move on because this is of tremendous importance not only in Angola but all around the world.

In three battles last year the Cubans used poison gas against UNITA—three times, documented—300 soldiers were paralyzed, 120 died. Now my staff representatives visited these victims in the hospital at Jamba. And a special U.N. report prepared by Dr. Hendricks of Belgium confirmed that poison gas was in fact used by the Cubans. Dr. Hendricks is the same expert who confirmed the use of poison gas between Iraq and Iran, by the way.

Now my representatives brought back reports, documented, that tons of poison gas have arrived in Angola in Soviet transports within the past few months and have been stored on the 15th parallel. Now this raises a question that we all must confront, Mr. Secretary, and we cannot delay considering.

What steps, if any, are being taken, are being contemplated, have been taken to ensure that the Cubans will not use poison gas against UNITA during this withdrawal period?

Secretary-designate **Baker**. Senator Helms, I cannot answer that because I was not aware until you mentioned it just now that they have been storing poison gas at the 15th parallel. Clearly that is something that would be of major concern to me, and it is something, I think, that requires looking into, and all I can promise you to do is look into it immediately, and then I will be in a position to answer your question.

Senator **Helms**. All right. Fair enough.

Israel's Foreign Minister, Moshe Arens, stated during the Paris Conference on Chemical Weapons—I believe this was last week—that his country knows, and I am quoting him, "of well-known firms who routinely enter into agreements to supply whole factories or parts of factories to countries desirous of manufacturing poison gas."

He has also proposed that the names of firms known to be in the business of supplying chemical weaponry and know-how and expertise be published. I think the questions from that are obvious. Do you agree that the public has a right to know which companies are involved in the proliferation of chemical weapons?

Secretary-designate **Baker**. Yes.

Senator **Helms**. Do you believe that American stockholders in such companies and financial institutions, pension funds, universities, et cetera, which might invest in these companies have a right to know that in their investments they are assisting world trade in chemical weapons technology?

Secretary-designate **Baker**. Senator Helms, I think, as I think I indicated in answer to a previous question, there is perhaps no more pressing problem before us than the proliferation of chemical weapons and their means of delivery, missiles. And I think we need to take some rather strong steps in that regard.

I think one of the things that hopefully we can do is reach an agreement with our allies that would require publication of the names of firms and individuals that are participating in this kind of activity and some sort of a sanction with respect to those activities.

Senator **Helms**. Right on. If you are able to read that——

Secretary-designate **Baker**. I can read the top. It says "chemical weapons trade" at the top.

Senator **Helms**. Take it down there. Let us give him a fair shot at it.

[Pause.]

Senator **Helms**. Please, if you will make sure the Secretary has a copy. The names on this chart that you have just seen are those firms identified in the media as involved in assisting the chemical weapons program of either Libya or Iraq.

Now what I am asking, Mr. Secretary—and I know you will be glad to do it—will you report back to the committee on whether you agree that these companies have been in fact involved in Libya's or Iraq's chemical weapons program?

Secretary-designate **Baker**. We will look into that, Senator, and get back to you. Again, I think on the issue of publication, on the issue of sanctions, I think it is very important that we work with our allies where the companies involved are domiciliaries of another country. But I would not suspect we would have problems in that regard.

Senator **Helms**. Well, the point is this. You know, you have got to start somewhere, and maybe start 40 different places if we really think we are going to do anything about controlling this heinous monster that is not on the horizon but here.

But the point is that many of these companies gain foreign capital and financial resources by doing business right here in the United States of America. And here another obvious question arises.

Do you believe, as I believe, that the United States Government has a moral obligation to terminate American support for any companies assisting Libya and Iraq by restricting their access to the American market?

Secretary-designate **Baker**. I think we have to recognize that to be successful in stopping the proliferation of chemical weapons, Senator Helms, we cannot do it alone. We are only going to be able to do it if we do it multilaterally and if we work it out with our allies. And therefore I do not want to prejudge what sanctions would be appropriate this morning, except to say that I think some sanctions would be.

It could be counterproductive, though, if we simply unilaterally stepped out here and started saying that firms from other countries, allies of the United States, are not going to be permitted in here. I mean, they could, it seems to me, very quickly take the same attitude with respect to American firms doing business over there.

So, we ought to move in concert with our allies, but we should look at the possibility of strong sanctions to stop this activity, if indeed this is factual.

Senator HELMS. Well, I thank you, Mr. Secretary, and I know exactly what you are saying to me, and I do not mean to be flippant when I say that it is certainly counterproductive for the women and children and other innocent people who are killed by this poison gas, and that is where we have got to start in terms of making up our minds what we are going to do.

My time is just about up and I will consume no more on this round. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Helms.

Senator Biden.

Senator BIDEN. Thank you very much, Mr. Chairman. Welcome, Mr. Secretary.

Secretary-designate BAKER. Thank you, Senator.

Senator BIDEN. You know, they never shot the piano player. The advice was never to shoot the piano player, but every once in a while the piano player used to play a tune that the owner of the saloon liked, and constitutionally we are coowners of that saloon.

Secretary-designate BAKER. That is right.

Senator BIDEN. And so I hope we will begin to have, continue to have in some cases and begin with more earnestness the effort to establish that bipartisan foreign policy.

Speaking of bipartisanship, I can see from the introduction of Senator Bentsen that there is still a great deal of bitterness left from the campaign. [Laughter.]

The question I think the press has probably asked all of us the most is, is there any residual bitterness left. I think that Senator Bentsen's introduction of you is the strongest evidence of the fact that there is not—at least on my part, and surely not on Senator Bentsen's and I think most everyone else in the Congress.

You are obviously well liked and well respected in this town, here in Congress, and around the country, and with very good reason. Your reputation precedes you. Your experience is broad. And your initial moves, in this Senator's opinion, demonstrate your desire to do well at the job and every indication of the kinds of things one should do to do well at your upcoming post.

I would like to parenthetically indicate that I think your choice of Larry Eagleburger is a stroke of genius. I think he is one of the most qualified men in Government, that has been in Government, and I compliment you on it.

But the fact of the matter is, Mr. Secretary, that in foreign policy the Baker view of the world, notwithstanding your recent statement, is not well known, and your views on foreign policy issues, specific and broad, are not well known, although you did help enlighten us some with a very fine opening statement. It has always been difficult, at least in my 16 years here, to elicit information from a Secretary-designee on specifics, because the administration in most cases has not begun to formulate its policy or enunciate the policy it may be formulating.

So that makes it a little difficult. And I think it is not fair to try to elicit too many specific responses. I for one clearly do not expect you to have an answer to every one of the challenges facing the Secretary of State. So, what I would like to do, if I may, is combine a suggestion made by the Chair and also what I hope you will agree is a generally fair way to proceed in trying to get a clear sense of your broad views of the major issues in the foreign policy arena.

I would like to, on the second and third rounds, if we have one, discuss in more detail areas of particular interest to me, and you will find as we go around the table here it will not be very hard to distinguish what we think are the greatest priorities that face American foreign policy because we will focus on those as individuals. In my case they will be arms control in Europe, the Europe economic union in 1992, and the whole process of decisionmaking in foreign policy.

But let me make a relatively broad statement and ask you to comment on whether or not you think what I am suggesting makes sense and, if not, why it does not.

Back in 1979 the American discussion on United States-Soviet relations focused on something we called the "window of vulnerability." This represented the idea that the United States faced a period ahead in which the supposed vulnerability of our land-based ICBM's would render us susceptible to a Soviet first strike, or at least to Soviet blackmail. This idea seemed to me at the time to be preposterous, and I think it proved to be preposterous.

But what I would like to talk to you about today is another window, which I think is a very real window, and that is what I will refer to as the "window of opportunity" we now have with General Secretary Gorbachev.

One does not have to suffer from any illusions about Soviet realities to see that Gorbachev is heading an unprecedented effort to transform the Soviet Union by throwing off the yoke of Stalinist repression. Whether or not he is moving toward democracy, I do not believe he is, but it is clearly not a Stalinist form of government. And he has taken steps at home and abroad that no observer, expert or otherwise, I think, would have expected when he came to office in 1985.

Now the question before us, in my view, is how do we respond. I think President Reagan has performed a very useful service by acknowledging that Gorbachev is a fundamentally new and different Soviet leader. But the serious work of capitalizing on this opportunity represented by Gorbachev lies ahead of us and, more precisely, ahead of you.

The one concrete development thus far, the INF Treaty, reduced nuclear arsenals by about 4 percent overall and was a significant step in what it hopefully portends for the future. But I think we should point out that it did not reduce the number of nuclear warheads aimed at the United States. From the time President Reagan took office to today, there are 40 percent more hydrogen bombs aimed at the citizens of the United States than there were when he took office.

So, the real work, it seems to me, lies ahead of us. Now what concerns me and what I would like you to address is the idea which is now apparently somewhat fashionable in this town and in the upcoming administration that the United States should just sit back and watch Gorbachev and allow him to continue to make unilateral concessions.

For example, there has been discussion in the press based on an interview with the new National Security Advisor that the Bush administration might take "a full year" to conduct a leisurely so-called review of our current strategic posture before resuming the START talks. This, in my judgment, would be unnecessary and, I think, unwise.

I think it would be unnecessary because there is nothing in the START framework as now set that would inhibit the United States from making any decision with regard to the modernization of our nuclear arsenal, and it would be unwise both with regard to our allies and with regard to Gorbachev himself.

As to our allies, I think it is overwhelmingly clear that they expect us to move promptly. They do not expect us to have a leisurely review and wait around for a year. In this regard, let me call to your attention the resolution passed unanimously by the NATO parliamentarians 2 months ago calling for the START talks to proceed without linkage to conventional arms or other negotiations.

Second, I think that a delay would be even more unwise vis-a-vis Secretary Gorbachev. That idea that seems to be taking hold that he is so firmly in control politically that he does not need to get anything in return for any concessions he makes I think is somewhat specious. I think it is a bit of a delusion.

Gorbachev has indeed made some big steps. I will not review them. But in summary I would like to suggest to you that Mr. Gorbachev does have limitations on his ability to maneuver, limitations that are probably all the greater because of the current food shortages in the Soviet Union caused by last year's drought.

Now my advice, although this is one of the few times I will get to give it, is that history will not judge us as having been very wise if we do not continue to engage this man in active diplomacy. Such diplomacy requires no unilateral reductions. It does not require us to make concessions. It does not require us to act in a manner that is somewhat deluded in terms of history and his actions or wishful thinking.

But it does require us to have an aggressive willingness to bargain, to deal with this window of opportunity. I would like you to comment on what I just said about this window of opportunity and give me your views as to whether or not Gorbachev needs to have some feedback from us in fact and whether or not you think there is this window of opportunity and how long it may last.

Secretary-designate **Baker**. I cannot speak to how long it might last, Senator Biden, but I agree with you. I think there is a window of opportunity. We certainly have a changed situation, as my statement indicated, from what we were looking at very, very recently.

I happen to believe, again as I said in my statement, that the Secretary General's success really does not depend upon the United States or any outside party. It depends on the Soviet leadership's ability to produce internal change and to redirect priorities in the Soviet Union. That just happens to be my personal view.

Having said that, I also said—and it might have been before you got here—in answer to a question from the chairman that the Vice President has stated very clearly he wants to build upon the progress that has been made to date in connection with the START negotiations. He is not seeking—he will not come into office with any preconceived notions of linkage.

I did say in my opening statement that I think we must approach the Soviet Union realistically and very prudently, that we really ought to see what the result of some of these announcements is going to be—for instance, the conventional arms reduction. Where are those arms going to be reduced, what elements are going to be reduced and that sort of thing?

I do not think anybody is suggesting a yearlong review, although, as I indicated to the chairman, it is difficult for me to give you a date for resumption of START negotiations since this is a decision that the President will make after he becomes President on the advice of myself and others. So, he will receive other views than mine.

Senator BIDEN. But, Mr. Secretary, if I might interrupt, this is something the Vice President has spoken to at length on a number of occasions over the last 5 years. He has indicated that he is completely in accord with the President's initiatives on seeking a 50-percent reduction.

One of the main campaign themes he had was, "I was there, fellows. I was part of this process. I was dealing with it. I knew what was going on and I support it." Why would he require that kind of time?

Secretary-designate BAKER. Well, I think there are a couple of reasons. One, I think any new President is entitled to some time to review the bidding, look at what is on the table and see if that accords with his own serious views of where the country ought to be going. And again, as I mentioned in my answer to the chairman, we also have a strategic modernization decision to make that has not been made that would have to be made in any event, and that is going to take some time—I do not know how much time.

But I do not think that you will see President-elect Bush adopting a leisurely approach to this. We want to build on the progress that has been made. We think it has been constructive. As you pointed out, he has been supportive of the process so far, and I think you will continue to see that.

Senator BIDEN. I would like to raise two constitutional issues, if I may. In the interest of time, I will turn to the second and maybe go back to the first if I have time.

That is the question of war powers. You indicated, Mr. Secretary, and I fully concur, that there we need to establish a bipartisan foreign policy. If there is any place where that bipartisanship has gone haywire, it is in the area of the commitment of U.S. forces abroad, the circumstances under which we can and will commit those forces.

It seems to me—after conducting hearings in the Special Committee on War Powers that the Chair set up—that we have reached a full constitutional impasse on the subject. I think there is a preponderance of opinion among constitutional scholars—and continues to be held by them—that the notion of the war powers resolution is sound—that is, the United States should enter into sustained hostilities only pursuant to affirmative decisions by the Congress. At the same time, the executive branch continues to defy the resolution while rejecting the principle it embodies.

What I would like to suggest to you is that this is not a problem that can be solved inter alia. This is not a problem that we can solve here in the Congress, quite frankly. We can draw up all the sound legislation we want. But unless there is an agreement between and a negotiation with the executive branch, I think there is little prospect for there to be any movement, any bipartisanship in the process.

I have drafted a proposed revision of the War Powers Act. I do not expect you to be able to comment on it and I do not want to take the time to indicate what new mechanism it embodies. But I would like to suggest to you and request of you that this notion of bipartisanship hinges in large part upon the notion of under what circumstances we will commit American forces when that occurs.

And in order to deal with that we have to come up with a different mechanism than we now have, one that works, and that can only occur, as I said, with the full consent of and in negotiated agreement with the administration. I would like to ask you whether you would be willing to sit down with me or anyone else who is interested in this notion in the early days of your administration and take a look at this draft proposal and see whether or not there is any way in which we can reach some consensus on under what circumstances and what role the Congress would play in the commitment of American forces abroad.

Would you be willing to do that?

Secretary-designate **Baker**. I certainly would, Senator Biden, with the caveat that as a representative of the executive branch you know how, I have to tell you—I do not have to tell you, I suppose—how strong the feelings are down there about the unconstitutionality of the particular act that you are referring to.

And you are quite right. It is not something that you can solve by drafting legislation. Generally speaking, the courts refuse to entertain jurisdiction because they see it as a dispute between the other two branches. I would be glad to take a look at it without in any way, because I do not have the authority to do so, of course, binding the new President.

I will say one thing. When I was chief of staff at the White House we had one occasion that I am familiar with where we worked out an accommodation with respect to the War Powers Act, one specific situation. We did it. I can recall the negotiations with the Speaker and Chairman Zablocki and the then-chairman of the Foreign Relations Committee, I think Senator Lugar. And we worked out an agreement.

But it was an agreement that covered only that one particular instance. So, I think it can be done in specific instances. Whether we can ever work out a blanket agreement, I do not know, but I am certainly not unwilling to try.

Senator BIDEN. I respectfully suggest, as you point out, the courts will not intervene, and we have not been able to reach an agreement on a general mechanism. We all say we want bipartisanship, so I hope we would at least consider the prospect of being able to work out a general mechanism, not a case-specific approach. But I will be anxious to speak with you about it.

My time is up. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman. I have a short comment that carries on some of the thoughts of Senator Biden, and then I have some questions of the nominee.

I want to add my personal word of welcome to Secretary Baker. We have had an opportunity to talk since his appointment was announced, and he has committed himself to working closely with Congress in handling foreign policy matters. But I want to say to the Secretary and to my colleagues on this committee that the time to develop a new working consensus in foreign policy is not after the first crisis has generated charges and countercharges of bad faith between the two branches of Government.

Indeed, failure of the President and Congress to work together to pursue broad national objectives could eventually become our greatest foreign policy problem. Rather than talking vaguely of the need to talk about consensus in foreign policy, we should take this opportunity to establish a new compact concerning the appropriate roles and responsibilities of each branch in the formulation and execution of foreign policy. And these hearings should contribute to that process.

When differences over policy do arise, both branches must commit themselves to thinking clearly about their proper roles, roles consistent with effective decisionmaking but also with fair play and the national interest. One major element of the new working consensus on the foreign policymaking process must be the acceptance by each branch of both the constitutional necessity and foreign policy merit of recognizing the contributions made by the other branch.

There must be a mutual recognition by the President and Congress of the legitimate role each branch plays in the making of foreign policy and the commitment by each to respect the other.

Our system of shared powers will never work effectively until the executive branch looks upon Congress as a full and competent partner in the making of policy, a mounting imperative as the dividing lines between foreign and domestic policy have blurred. In the end, consultations between the two branches must be transformed into a sophisticated collaborative process if this Nation is to have a consistently effective foreign policy with staying power obvious to the world.

Too often the executive branch has viewed such consultation with anxiety. When the consultation process is not taken seriously, it becomes an empty formality. Consultation must be more than a mere means of meeting minimum legislative requirements. History has proved, and you mentioned this, Mr. Secretary, that on key issues the President is most successful seeking congressional advice prior to putting the final brush strokes on his own position.

And the executive branch should understand that any resulting congressional advice will reflect not only the substantive policy judgment of Members but also strategic political intelligence on the margins of tolerance and support which ultimate policy may enjoy in the country.

There are many other elements that must go into the creation of a new working consensus on foreign policy, some of which may require changes in attitudes and work habits on the part of the Members of Congress. But I want to raise this fundamentally important issue with Secretary Baker this morning as a stimulant to careful thought about a new compact that delineates rules of the road to be followed by both branches as President Bush sets about establishing his foreign policy priorities.

Mr. Secretary, let me ask as a first question your thoughts on the role of the Department of State in Working Group III of the Intergovernmental Panel on Climate Change. This came out of the Toronto conference and is a part of many aspects you have addressed generally on environmental changes. I am eager to know specifically whether the State Department is prepared to take a leading role as opposed to EPA or others in the Geneva working group.

Secretary-designate BAKER. Senator Lugar, is that the Response Strategies Working Group?

Senator LUGAR. Yes.

Secretary-designate BAKER. That is an issue that has to be resolved by the President as soon as he comes in because there are very definitely domestic interests involved here as well.

Clearly the State Department has got to play a key role, but we cannot in the State Department lead the development of domestic policy on this issue. We can lead in terms of how that policy decision is implemented internationally by the United States and we would expect, of course, to lead in that way.

We will have a major role to play. I cannot tell you whether we will chair the group or not.

Senator LUGAR. I raised the question knowing that the domestic arrangements have not yet been worked out but simply to underline what many Members will say today, that there is an increasing interest in the imperatives of our becoming involved in an international, global policy on the environment.

Whatever our domestic considerations, it is very important that we get involved in this issue. It is likely to be overtaken by events if you are unsuccessful in working with your colleagues abroad.

This particular group may or may not be the place where the State Department takes the lead. For one, I would encourage that State take the lead because our committee and our relationship with you is likely to lead to more productive results. But in the event that does not occur, I would still ask you to be mindful at least of our enthusiasm for the State Department being active in the environmental role.

Secretary-designate **Baker**. Well, we certainly will, Senator Lugar. As I say, the State Department has a very key role to play. Whether or not it would chair that particular group or not, I simply cannot answer this morning.

Senator **Lugar**. I understand.

Let me take this opportunity to raise some questions that have been on my mind during my trip to the Far East, from which I just returned, specifically, in regards to the Philippines, where we have, it seems to me, some opportunities as well as some obligations.

During the base review conducted last year, a best effort pledge was made by our administration for the next 2 years for approximately $481 million of obligations for each of those 2 years. Will you be prepared to work carefully with all of the relevant committees of the Congress to delineate what those obligations mean?

Specifically, there are some moneys that must be appropriated and some coordination of activities in our Government to fulfill the policy judgments that were involved. But it is not clear to me that all branches of Government, certainly all congressional committees that may be involved, have a very good idea of the pledges we have made.

I raise that question because President Aquino and Foreign Secretary Manglapus and General Ramos and the Finance Minister Jaime have a very good idea of what we have pledged to do and they have an intense interest in the commitments. And it would be a foreign policy tragedy if we approached the situation with casualness as opposed to diligence.

My question is, will you be prepared or will you help coordinate at least some way of getting the word to all of us about what our objectives are and what we have pledged to do?

Secretary-designate **Baker**. Very much so, Senator Lugar. I was involved in the multilateral assistance initiative for the Philippines before I left Treasury. It was beginning to be developed. As you well know, there is strong bipartisan support for that here in the United States, and there is, I think, strong multilateral support out there that we can tap and we will make every effort to do that.

Further, to the point that you made about the $481 million in connection with the bases review, I would expect to press very diligently for that. I do think it is a commitment that we have made to the Philippines, even though it was done on a best-efforts basis. They will find it exceedingly difficult to understand if we are not able to fulfill that kind of a commitment after using our best efforts when our level of assistance to the Philippines in recent years has been running about, if I am remember correctly, $415 million.

So, it is not that much of an increase.

Senator **Lugar**. I appreciate your comment and I would simply underline it because I know that people in the Philippines as well as in Southeast Asia will find what you have said to be exceedingly important.

Let me just add that I said to both President Aquino and Foreign Minister Manglapus that I would raise that question with you, and I was certain that you would give the answer that you have—namely that you have been involved in the multilateral aid initiative and in the negotiations that led to the 2-year base agreement.

Now in view of that situation, I asked the Foreign Minister if it might be appropriate at least in their timetable to begin discussions of the base agreements during this year. President Aquino and Foreign Minister Manglapus said that they look forward to working with us on the multinational aid initiative and on working out the obligations we have made.

And they were certain that the momentum coming from those activities would probably lead to conversations on the bases this year, in 1989. President Aquino has not made that final decision, as you know, but the Foreign Minister indicated that he would make that recommendation as we move ahead, which is important.

This leads to my question as to how are we coordinating as a government our preparation for those negotiations. Specifically it seems to me our position needs to be clear about Clark and Subic and I presume people are thinking about this and sharpening their pencils over it. Can you give some assurance of that?

Secretary-designate BAKER. Well, I can only give you the assurance that we will be thinking about it at a very early time, Senator Lugar. Not being, of course, in office there has not been any formal work done on that.

As to the methodology that will be used, I suppose it will not be a great deal different from the way we approached the discussions which have recently been concluded. But it is a matter that will be very high on our agenda and, I am sure, quite high on the agenda of the Defense Department.

Senator LUGAR. I am certain that it will. I raise the question simply because as we consider the importance of those bases and our presence in the Philippines, there is a view among the American people that we own the bases to begin with, which we do not. They own the bases and we are utilizing them. We may or may not want to lease as much as we now have. We may want to consider a number of options.

I am just sort of underlining the thought that we have not yet got them to the talks. We have suggested that we might want to do that, but we want to be very well prepared, knowing precisely what our interests are and what our bottom line is at that point.

Now, let me add that others in the Southeast Asia picture are watching that very carefully. The South Koreans, the Malaysians, the Thais, and Prime Minister Lee in Singapore feel that it is imperative the United States retain a strong presence in Asia. For my own part, just as an individual Senator, I indicated I would certainly try very hard to make sure that that is always so. I think it is very important.

They said essentially that peace in that area depends upon our being there with the umbrella of protection so Japan in particular does not feel it necessary to offer that umbrella in our absence, to say it very candidly. And this is why the multilateral aid initiative, the base agreement we already have, and the upcoming negotiations are so important.

Let me add just parenthetically one small thought, although an important one. In the island of Negros, there is a very, very talented young governor, Lacson, who is at work with a 15-year plan for such basic things as telephones and roads and so forth, and there are 300,000 children being given a supplemental feeding largely through our AID efforts to bring them up to just 1,200 calories a day. There is an imperative need this year on Negros. The most profound poverty in Asia is found on that island.

That AID program ends at the end of the year. It is the sort of thing that might just be simply lost in the rush of events if we are not mindful of it. So, I use this hearing simply to say that some of us will be coming to you with specific thoughts as to how we make a difference in not only the jump start of the economy through the MAI plan but, likewise, in furthering basic humanitarian goals which express the idealism of our country.

Needless to say, I look forward to working with you. You are a good friend, a remarkable American patriot, in my judgment, and I appreciate your indulgence at least this morning in thinking through with me some things that I think are important about the area that we have just visited.

I thank you.

Secretary-designate BAKER. Thank you, Senator.

The CHAIRMAN. Thank you very much.

Senator Sarbanes.

Senator SARBANES. Thank you very much, Mr. Chairman.

I am pleased to join with my colleagues in welcoming the Secretary-designate before the committee. Actually you are still the Secretary of the Treasury until Friday, as I understand it. I have enjoyed the opportunity to work with you over the years, particularly in my capacity as chairman of the Joint Economic Committee, before which you have appeared on numerous occasions.

You are a very skillful and effective public servant, and I think the Department of State can anticipate some very effective leadership.

I would like to pick up just very briefly on this point of the working relationship between the Executive and the Congress because I think it is very important. I would like to broaden out your comments with respect to bipartisanship. What you really need is cooperation between the Executive and the Congress. It has been my perception that on occasions the differences, sharp differences between the President and the Congress have not been on party lines and therefore on partisan terms. In some instances, the most difficulty has come between the President and members of his own party.

So, I think this appeal for cooperation is one that extends from the Executive to the Congress as an institution, as a separate and independent branch of Government, structured that way by the Framers of the Constitution. We talk about the separation of powers, but it is really, as Professor Newstad has aptly summed up in some of his writings, it is really separated institution sharing power, and I share Senator Lugar's view that it is very important that both the Executive and the Congress recognize that.

It is so often defined in terms of one or the other branch trespassing into the arena that belongs exclusively to the other. I think the Constitution has put us both in a partnership arrangement. We share these powers and our obligation, our mandate, our charge is to work out between us how to exercise it effectively on behalf of the Nation's interest.

In that regard, I welcome the indication on the part of the Secretary-designate of the kind of genuine and close consultation between the two branches in terms of framing policy. Obviously a critical examination of the Congress of the Executive's initiative or of the Executive of the Congress' initiative is essential to the formulation of better policy for the Nation. So, Mr. Secretary, I look forward to this coming opportunity to work with you.

The paper this morning has a story on the Latin debt crisis. The Inter-American Dialogue has issued a report, a group of very distinguished citizens from the United States, Canada, Latin America, and the Caribbean, warning that the debt crisis that is gripping Latin America could lead to a political crisis and a return to authoritarian rule on the continent.

I am interested in hearing your views on this debt question, and I guess I am particularly interested in hearing how Jim Baker as Secretary of State sees the legacy that has been handed to him by Jim Baker as Secretary of the Treasury with respect to the debt issue. There is the saying around town that where you stand on an issue in Washington depends on where you sit, and so I am curious to know whether the change of seats that is about to happen in your instance has had an effect on your thinking on this debt question.

Secretary-designate **Baker**. Senator, thank you for those comments. My thinking on the debt question has not changed in some very important respects. First of all, I agree with you that it is a major problem. I do not think that just wearing a SECRETARY OF STATE hat; I thought that wearing a Secretary of the Treasury hat. It is a very important geopolitical problem in addition to being a very important economic and financial problem.

My thinking has not changed either, Senator Sarbanes, with respect to the necessity of finding a way to alleviate the problem that is based upon the principle of growth, because I do not believe that there is any ultimate solution that will work that is not based upon that principle.

I further believe that growth depends upon the economies involved, those countries involved, adopting the kinds of free market economic policies which we have followed for the most part here in the United States and which have brought us prosperity.

To reform their economies, they are going to need capital, and somehow we must find a way to make that capital available. I am disappointed, of course, that the proposal which we advanced in Seoul in September 1985 has not worked better than it has, although I would argue that there have been some real benefits that have flowed from it. I am disappointed that commercial banks that made many loans in the 1970's did not see fit in the face of reforms by many of those countries down there to come forward with additional capital in the 1980's.

I still have the same view I had as Secretary of the Treasury about the importance of not dealing with this matter in a way that puts it on the backs of American taxpayers or, for that matter, taxpayers in any of the creditor countries, because I think we can find a way to deal with it that does not do that.

So, those are areas in which my thinking really has not changed. I believe that the principles that underlay that plan of ours were correct at the time. I think those principles are correct now, and those principles I have just enunciated—that is, growth, economic reform, no taxpayer bailout.

Having said that, I think we do need to continue to look into the problem. The President-elect has said that he wants a full-scale review of the issue, and that process has already started.

I do believe that there is room for more creative financing mechanisms that can result in a reduction of the stock of debt, although I am not persuaded that the main problem that some of those economies have is the fact that they have all this debt, because many of them, some of them, who have repudiated their debt and simply stopped paying have seen their economies not get better but worsen and worsen considerably because they in effect cut themselves off from access to financial flows.

I think that there are ways that we can look into increased voluntary interest capitalization by banks, things that we can consider that have to do, as I say, with reducing the stock of debt that are voluntary and that are negotiated between creditor and debtor.

I think I would personally have, as I am sure many members of the committee would have, a problem with a solution that mandated that private institutions should take *x* percentage losses. That seems to me to be contrary to our system in the United States, and I would worry about whether any such legislative approach would be constitutional.

Finally, I think it is important that we recognize that each of these countries is different. Their situations are different. And dealing with this on a case-by-case basis has been the right approach, in my view, and should continue to be the approach to be followed in the future. That is, there is no overall magic bullet cure. You cannot legislate, I do not think, a magic bullet cure to this problem because there are many countries involved and there are many banking institutions, private banking institutions involved and there are multilateral financial institutions involved.

So, it is a very difficult question. We have to consider working at it. We have got to put added effort into our work on the problem, Senator, and it is just a very, very difficult issue which we must find a way to deal with.

Senator SARBANES. The Japanese came to the Toronto Economic Summit last summer with a debt proposal, somewhat vague and undefined, but it represented an initiative, and the French also had one that essentially focused on Africa and really is in many respects tied to former French colonial Africa. The United States in a sense was obviously not a leader in that effort.

There is growing concern about burdensharing. We spend close to 7 percent of GNP on defense. Japan spends 1 percent of GNP on defense. Some look at that gap and want to push the Japanese to rearm, but of course that has very serious political and strategic consequences to it, and there are a number of reasons why it might not be a good idea.

But why would it not be sensible for us to try to draw the Japanese into a multilateral arrangement, not a bilateral arrangement, on their part with other countries where these large current account surpluses they have accumulated are used to help address the Third World debt problem and other problems of international economic growth so that they are assuming international economic responsibilities more commensurate with the current strength of their economy in the world economic picture?

Secretary-designate **Baker**. It would make good sense to do that, Senator Sarbanes, and we have in fact been doing that. We began that before I left the Treasury and the Japanese have been responsive. I think that we can pursue that to a greater degree and perhaps do the same thing with other countries that continue to generate major surpluses year after year.

The proposal that the Japanese advanced at Toronto we had some reservation about because it went in the direction of a public sector solution. Ultimately we felt that taxpayers would be the people bearing the burden there.

In addition, we were concerned that that proposal would put a premium upon repudiation by countries of their debt. That is one of the problems you have with these suggestions that come forward about creating a facility in the IMF to buy Third World debt, make the discount available to the debtor nation. What that tends to do is put a premium on repudiation of a debt because if the country says it is not going to pay then the discount is greater. So, there is an interest in default.

Senator **Sarbanes**. Could I interject there? I mean, I think you have a problem in any approach of that sort of how you separate out the good actors from the bad actors since the good actor's debt is going at a lesser discount because they have taken tough measures to try to stay abreast as opposed to the bad actor.

On the other hand, it strikes me, and it is certainly striking the debtor countries and their people, as something unfair when the banks voluntarily, in many instances, are disposing of their debt at a discount and the debtor country receives no benefit out of that.

My time is running. I will come back to this subject in a second round.

I see from yesterday's paper on the fact that the new administration is going to review policy toward the Soviet Union, a broad review of policy. I take it from your quotes there about the opportunity that this matter needs to be further assessed and further probed. There is an extensive comment here by a "top foreign policy official in the new administration." I take it that is you.

If it is not, it leads me then into my——

Secretary-designate **Baker**. I am sure it would have cited me if it had been me.

Senator **Sarbanes**. Well, then it does lead me into an area I wanted to ask about, and that is how is foreign policy going to be made in this administration and who is going to be the responsible spokesman and how do you anticipate that decisions—we have talked about the Executive and the Congress working together, but I am interested in your view of how the Executive within itself is going to work in making foreign policy.

I am particularly moved to press that question by the fact that we have got a very extensive quote here on a matter of significant importance in the foreign policy arena, and apparently it is coming from somebody else in the new administration.

Secretary-designate **Baker**. Senator Sarbanes, I do not take issue with anything that is in that article, although that does not happen to be me.

But foreign policy will be made, I hope and believe, in the way that I think it ought to be made. The Vice President has 25 years of experience in this area. I think he knows how the process ought to work. I believe you will find that we will stick very, very closely to established procedures. You will not find any freelancing and you will not find any excessive compartmentalizing.

The President will make his decisions on the basis of advice and suggestions that he gets from his foreign policy advisors. His foreign policy advisors for the most part are the Secretary of State, the Secretary of Defense, the National Security Advisor. Those are his three senior foreign policy advisors.

Senator **Sarbanes**. Well, I see my time is up. Thank you very much.

The **Chairman**. Thank you.

Senator Kassebaum.

Senator **Kassebaum**. Mr. Secretary, I concur with the many, both here and abroad, who believe that the affairs at State are in extremely capable hands, and I would like to explore with you three areas of major concern to me, as well as the rest of us, and the contraries and the paradoxes that exist there, as you stated.

That is Central America, the Middle East, and Sub-Sahara Africa. Since Sub-Sahara Africa is my committee assignment and has been for 8 years, I would like to start there and I would like to follow on with Senator Sarbanes' question, although transferring it to Africa, because he was asking principally about Latin America debt.

Secretary-designate **Baker**. May I just say, Senator Kassebaum—I am sorry for interrupting—that I did not make my answer quite clear enough either. African debt, of course, is an entirely different situation, and I was responding with respect to middle-income debtor nations when I was responding to Senator Sarbanes.

Senator **Kassebaum**. I realize that you were, and for those who do not understand the difference, as you well do, it is that 70 percent of the African debt is owed to official and multilateral creditors, whereas, of course, most of the Latin America debt is owed to commercial banks.

Secretary-designate **Baker**. And so African debt opens itself up to a magic bullet cure.

Senator **Kassebaum**. I hope so. And that is what I would like to explore with you because to me it is just debilitating to all of the African continent at this point. The U.N. issued a report in September that was a midreview of the U.N.'s 5-year aid plan, in which it conceded that the continent was worse off today than it was in 1985 when the recovery effort was started.

And it concluded that the debt burden, which rose to over $200 billion in 1987, has become one of the most important factors constraining recovery and development on the continent. And unless urgent action is taken the situation will worsen. I would gather you feel that way and I so as well.

So, I would like to ask you, since you commented on the Baker plan, just what your thoughts are as it relates to the African debt.

Would you support a separate or special debt facility for African debt?

Secretary-designate **Baker**. I think African debt is clearly in an entirely different category, as you indicated, and the debt plan that we proposed in 1985 did not relate to most African debt, although there were two African countries in the top 15 middle-income debtor countries—Morocco and, I think, Nigeria.

At the Toronto summit, Senator Kassebaum, as I know you know, we took some action for the first time to basically forgive some African debt, which of course we can do because it is for the most part official debt and not debt that is owed to private institutions.

I think that you will probably see more a tendency on the part of the summit countries to continue to move in this direction. I for one think that it is something the United States ought to support, but we have to be very careful that we take full cognizance of what the budget realities are when you do that, because when we forgive debt it constitutes a hit on the budget.

What the United States agreed to do at Toronto was to extend maturities way out into the future, which gives a cash-flow benefit to the countries involved but does not actually write the debt off the books. I would anticipate that at the Paris summit in July you will see a further move, particularly on the part of European countries, to move this process along, and I, for one, would support the U.S. participation in it, recognizing the serious budget constraints that are involved.

Senator **Kassebaum**. That is very true. On the other hand, it has become a vicious cycle there and I see, to a certain extent, that there has to be, I feel strongly, more flexibility involved as we look to some creative financing, as you determined earlier.

Moving on, I was very supportive of the Reagan administration's focus on support for the front line states. I think that has been an important linchpin of our policy regarding southern Africa and would like your thoughts on continued support for the front line states and your thoughts regarding the situation in Mozambique.

Secretary-designate **Baker**. Well, as you pointed out, that is one of the four pillars of our policy in southern Africa, is support for the front line states. I would not anticipate that that would change.

The situation in Mozambique I suppose revolves primarily around the question of whether or not they are moving toward granting more freedoms and moving toward opening their economy. The country is still in rather sad shape, as you know. It has got an insurgency that is not quite as active and effective as it once was.

But the bottom line on Mozambique, in my opinion, Senator Kassebaum, is that what ultimately happens there is going to depend on the resolve of the Mozambiquan people and their government. I think what has happened recently is encouraging. They have moved from being almost a complete Marxist state to a bit more openness, and so I think that what we see happening there is encouraging.

Senator **Kassebaum**. I think it is. And, of course, they have received some strong support from the United Kingdom, among others of our allies, who believe that indeed it is important to lend support there, particularly to strengthen the transportation access through that country. And with South Africa having opened conversations with Mozambique I think there are opportunities there that I hope we will continue to explore.

Regarding South Africa I think we all look with real sorrow over the last 8 years and the hopes that were held by many that the dismantling of apartheid would have moved further, and that conditions in South Africa still remain extremely troubling—the crackdown on political parties—and while there are two steps forward there seem to be three steps back.

Have you had an opportunity to assess, one, what your priorities might be regarding our South Africa policy and initiatives that you think we might take there under your aegis?

Secretary-designate **Baker**. Well, no, I have not had an opportunity to develop any definitive proposals, Senator Kassebaum. I would of course first have to discuss those with the President-elect.

But let me simply say that, as you point out, the core problem of apartheid persists down there. I suppose it is fair to say that the detention laws, if anything, have gotten even worse rather than better. I really do not see the possibility for normalizing relations, for the United States normalizing relations with South Africa without there being real progress toward dismantling that system.

I think our sanctions have amplified that message, but I think we ought to all be candid enough to recognize that the sanctions we have imposed have not produced the desired result and by themselves they probably cannot produce the desired result.

It seems to me, based on the studying I have done since I was nominated for this post, that those sanctions have not weakened the resolve of the Afrikaaners. They have not increased black bargaining power. White voters have shifted to the right, if you believe the polls down there, and repression has intensified.

So, we do need to review the situation in South Africa. We need to review our policy in South Africa. This is one of the two areas where I think, with all due respect to Senator Sarbanes, that maybe there has not been bipartisanship, but maybe it has just been a difference between the executive and the legislative.

But with South Africa and in South Africa and Central America I think it is very important that we get out act together. When I say "we," I mean bipartisan and I mean the executive and legislative branches, so that we can act as a unified government. No South African policy, in my opinion, is going to work unless we are unified and unless we can coordinate well between the legislative and executive branches.

I think that we ought to consider perhaps some creative ways to build black institutions in South Africa. Perhaps we could consider seeing colleges in this country allow students to check off money for scholarships for black South Africans. Things like this I think maybe we have not done in the past we might consider doing in the future. It is an extraordinarily difficult problem, and it is one that is going to clearly occupy our time and attention.

Senator **Kassebaum**. Well, I certainly will look forward to working with you on that. As you know, any of the assistance that we have given has been basically targeted to scholarships, to legal assistance, and some health care.

Secretary-designate **Baker**. Yes.

Senator **Kassebaum**. And I think that we can expand those positive efforts. But it is something that I am pleased to hear you acknowledge that we do need to explore together.

If I may jump to Central America for a moment, I would like to start with Panama because it seems to me that we face immediate concerns there. And under the Canal Treaties Panama has to submit this year to the United States the name of the Panamanian citizen who will take over in 1990 as the Canal administrator.

What type of overall policy do you believe we should pursue with regard to Panama and in particular how do you believe we should handle the problem of the Canal administrator?

Secretary-designate **Baker**. Well, Senator Kassebaum, I think we are going to have to confront the problem of the Canal administrator when we get to it, and I say that because I am not sure that we can predict today with any degree of certainty what the situation will be there when that nomination comes forward.

I do not think — I am not sure that it is in the best interests of the United States to see us move forward down there under the current situation. A fully functioning democracy in Panama is clearly in our best interests as well as in the best interests of Panama, and we do not have a fully functioning democracy in Panama today.

Whether we can get there through free and fair elections between now and the time that you referred to I cannot prejudge. It is a difficult issue and it is again one that we are going to have to confront.

Senator **Kassebaum**. Well, it is a difficult issue and I realize that regarding the Canal administrator that decision is really going to largely rest on conditions which we are going to have to be working on right now, however. Again, I am sure that with President-elect Bush not yet in office some of these things have to be worked through.

But it seems to me that again it is one of those items that needs to be right on the front burner so that we are not overtaken by events and that the options become closed to us that will be very important to have as we meet that deadline and as the Panamanians, more importantly, meet that deadline.

Secretary-designate **Baker**. It is going to be very difficult for us to see any progress toward normalizing relations as long as General Noriega retains power there.

Senator **Kassebaum**. Well, I will not explore that further because I am sure you would say that this is something that will be under review.

Secretary-designate **Baker**. Yes.

Senator **Kassebaum**. I will yield my time right now.

The **Chairman**. Thank you, Senator Kassebaum.

Senator Cranston.

Senator **Cranston**. Thank you very much, Mr. Chairman.

Let me first say I am glad that you have been nominated to be Secretary of State. I look forward to working with you more closely than we managed to while you were Secretary of the Treasury and certainly more closely than last year during the campaign.

I am delighted now we will have an area of great common interest. I think I am going to enjoy working with you because I think you are an optimist and a realist, and those are two traits that I try to develop personally.

I would like to ask you both optimistically and realistically how do you hope to see Soviet-American relations develop in the next decade.

Secretary-designate **Baker**. Well, I would like to think, Senator Cranston, that we could develop a greater degree of predictability, a greater degree of consistency, and a greater degree of stability in the relations between the Soviet Union and the United States.

Senator **Cranston**. You say in your testimony, "Ultimately, as the Soviets themselves acknowledge, perestroika depends not on help from outside but on political, bureaucratic, and sociological changes in the Soviet Union," which I am sure we all would agree to.

I would like to ask you this, however. Do we have a stake in the success of perestroika and glasnost and thus in what General Secretary Gorbachev is trying to do and, within whatever limited capacities we have, should the U.S. try to help see to it that these efforts do succeed, and specifically under what terms should we look with favor on extending loans and credits to the civilian side of the Soviet economy?

Secretary-designate **Baker**. Well, the answer I think is yes, we have a stake in what happens because his success offers the prospect of better relations. I am not one of these who believes that we should favor failure by the Secretary General on the theory that this will mean a weaker Soviet Union. I do not happen to buy that. So, I think it offers the prospect of better relations.

With respect to the question of how much we should do or not do, I really do believe success is going to depend on what happens there and not on what we do. I really do believe we need to be prudent and we need to be realistic in our approach. I really do believe that we should not get the idea that somehow concessions by the United States are going to impact the success or failure of the General Secretary.

With respect to the question of credits, I do not favor the provision of any sort of subsidized credits to the Soviet Union, and I think that the policy that was worked out among the allies at the Toronto summit and at the OECD meeting preparatory thereto that normal commercial relations is what should be permitted and encouraged, should be in fact the policy. And I do not think that we should engage in a headlong rush to provide subsidized financing, trade credits and the like.

I believe our allies subscribe to that as well.

Senator **Cranston**. I will have some further questions on Soviet-American relations because I consider them really the most important in terms of our security and survival that we have with any nation. There are other matters that I want to explore with you also.

But I would like to switch now to the course of America policy toward El Salvador. I want to focus on that topic for several reasons. First, I am concerned that the situation in that troubled nation is deteriorating so rapidly that with Salvadoran elections scheduled for March and death squad activity and guerrilla attacks rising and some officers in the military talking increasingly of a "total war" strategy we may well find ourselves, you and your Department and we on the Hill, faced with a crisis in El Salvador very soon, maybe in 90 days.

Second, it is clear that after 8 years of lavish U.S. military and economic assistance it is time for some cool-headed cost-benefit analysis. United States taxpayers have sent more than $3 billion to El Salvador since 1980. In 1987, our aid exceeded Salvador's contribution to its own budget. Yet the inescapable fact is that things are getting worse down there, not better.

Third, I am hopeful that Republicans and Democrats on this committee and concerned parties at both ends of Pennsylvania Avenue might approach the crisis in Salvador in a bipartisan spirit consistent with your own desires to develop a bipartisan policy in every way.

The governing consensus which has guided American policy since the divisive debates of 1981 was that generous but conditional U.S. aid would be offered. Aid would continue if, and only if, steady progress was made in such areas as human rights and respect for the rule of law, objectives which we all agreed were essential to the development of a stable, democratic Salvadorean government.

Few in Congress had any sympathy for the rightwing butchers who have sullied the Salvadorean military and guided the ARENA party. We similarly have rejected the guerrillas, most of them Communist, who prosecuted their war by crippling essential services, terrorizing civilians, and gunning down Americans in public.

Some progress was made for a time. El Salvador elected a progressive pro-American government, one committed to reform and to curtailing the death squads. But now the situation is deteriorating. Reliable reports indicate that rightwing death squads are once again operating with total impunity. The grim tally of innocent victims is climbing, and justices appointed by the ARENA leaders are clearly unwilling to or incapable of upholding the law.

Similarly, the guerrillas are bringing civilian government in the countryside to its knees by assassinating mayors, killing innocent peasants, and crippling electrical and water supplies.

Clearly the direction of U.S. policy needs some reassessment. So, let me begin by asking you what do you see as the fundamental policy objectives of the United States in El Salvador and what are we seeking for our $3 billion-plus investment?

Secretary-designate BAKER. The fundamental objectives, Senator Cranston, are to support the democratic political process and to promote the observance of human rights. I am not sure that I would agree with you that the situation is quite as bad as you portray it.

I would agree with you that it has taken a turn for the worse recently, but I would argue strongly that the long-term results have been somewhat encouraging. The new administration's opposition to death squads was expressed pretty well, I think, by the new President when he was Vice President in 1983 and went down there and made it very clear, and that is going to be our position with respect to death squads.

But there are really only about half as many armed guerrillas today—I think 6,000 to 7,000 compared to an estimated high of 12,000 to 14,000 in 1984. That is maybe some progress. Despite guerrilla efforts, the democratic political process has become established in El Salvador. There have been five free, honest elections since 1982, and we have another election scheduled for March 1989.

There is a free press. There is open access to the media, and there is freedom for parties to organize and to campaign.

Now there are some problems with respect to the judicial system, as you have just pointed out, and a recent case that I know you are familiar with.

Again, over the long term I think the trend has been indisputably downward in terms of politically motivated violence, even though it seems to be rising a bit now, which is disturbing just as we are moving into an election cycle.

So, would like to say one final thing on this issue, Senator Cranston, in response to your question, and that is that you should not worry about the administration going soft, the new administration going soft on human rights in El Salvador because that is simply not going to happen.

But I trust and hope that we will all not ignore them where they take place in Nicaragua. As I indicated in my statement, we must approach these countries fairly and uniformly and with the same standard.

Senator CRANSTON. I have assumed that there would not be any softening of concern about human rights and perhaps a strengthening of that concern. I guess it gets down to what we specifically do in specific cases.

You referred to Vice President Bush's remarks when he was down in El Salvador in 1983, and what he did was issue explicit warning then that continued human rights abuses could imperil United States military aid. Do you think that a repetition of such a warning might serve our interests there?

Secretary-designate BAKER. Yes, sir, I do, and I think you might see that.

Senator CRANSTON. What are your views on a related matter regarding the effectiveness of providing conditional aid to Salvadoran authorities? That is, do you support the general concept of Congress appropriating aid conditioned upon administration certification that genuine progress is being made on key U.S. objectives in the human rights arena primarily?

Secretary-designate BAKER. Well, as I understand it, Senator Cranston, the way it now works is the administration has to report quite frequently and in quite some detail with respect to the situation down there. We have moved away from the certification process in recent years because of the fact that things have gotten somewhat better and there have been free and fair elections, and I would hate to see us return now to a certification process just 2 months in advance of a March election.

Senator CRANSTON. Well, it is certainly not likely to happen that soon because we are not now prepared to move that fast up here on hardly anything—and that may be a welcome note to you.

There is a serious danger that rightwing forces, guided by Robert D'Aubuisson, a man our Government has directly linked to the terrorist death squads, will take power in those March elections. So, a legitimate question, I think, is how can U.S. aid designed to promote democracy be useful if it flows to a regime headed by somebody like D'Aubuisson, who has demonstrated utter contempt for the rule of law?

Secretary-designate BAKER. Well, I think the issue really is one of whether or not the elections are free and open and fair and honest, Senator Cranston, and I think it would, without prejudging anything as far as the new President is concerned, I would suggest that it would be our policy to recognize the duly elected head of government there provided the elections were free and fair and in the best democratic tradition.

Senator CRANSTON. Thereafter, if D'Aubuisson's backers win, I guess the question will be how will ARENA proceed. Will they deal with the death squad problem and so forth? If they do not, then we have got a first-class problem on our hands.

Secretary-designate BAKER. That is a different issue.

Senator CRANSTON. The United States has done much to promote resolution of regional conflicts in South Asia, the Middle East, and southern Africa, yet the administration, the Reagan administration, has proposed negotiations in El Salvador. What role do you see the United States playing in efforts to achieve a negotiated settlement of the conflict inside that country?

Can the administration, working with the Congress, dedicate some new energy and imagination to pursuing negotiations there?

Secretary-designate BAKER. In El Salvador?

Senator CRANSTON. Yes.

Secretary-designate BAKER. Well, I suppose it is something we can take a look at, Senator Cranston. Again, I am not in a position to commit to that here this morning.

Senator CRANSTON. I can understand that.

Secretary-designate BAKER. We would obviously have to consider it as one option.

Senator CRANSTON. In your testimony or statement this morning you referred to the plans of the administration and the call by President Bush for an international conference on global environment. I am glad that you believe the United States should lead that effort. We discussed that when we met a bit ago.

Conceivably the major threat to our security, apart from any military dangers, may well lie in the environment and global warming and the ozone depletion and clean air and pollution problems generally. Do you yet have any concept of an agenda for such an international conference, and is there any plan underway yet as to when such a thing might be convened?

Secretary-designate BAKER. No, sir. We have not gotten that far yet.

Senator CRANSTON. I hope that you will dedicate yourself to that. My time is almost up, so I will cease and desist now and get back with you this afternoon.

The CHAIRMAN. Thank you very much, Senator Cranston.

The hour of 12:30 having arrived, the committee will now recess, reconvening here promptly at 2 o'clock.

[Whereupon, at 12:35 p.m., the committee recessed, to reconvene at 2:01 p.m., the same day.]

AFTERNOON SESSION

The committee met at 2:01 p.m., in room SH-216, Hart Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Moynihan, Robb, Helms, Lugar, Kassebaum, Boschwitz, Pressler, Murkowski, McConnell, Humphrey, and Mack.

The CHAIRMAN. The Committee on Foreign Relations will come to order.

Now it is the turn of Senator Boschwitz.

Senator BOSCHWITZ. Thank you, Mr. Chairman.

I join others in welcoming you here today, Mr. Secretary.

I certainly look forward to your term in the State Department.

I might say that when George Shultz came to the State Department, my question of him was how long he was going to stay. I had been in the Senate at that point for 3½ years, and I had started under the Secretaryship of Cy Vance. Then it went to Ed Muskie and then to Al Haig. So, the fourth Secretary in a 3½-year span was coming to the Department. That is not such a good way to run foreign policy, as I am sure you would agree.

I would hope that your stay at the Department goes through not only one but two terms. Stability there is very important.

In my judgment, the 6½-year stay of George Shultz was a large element in his very many achievements. I believe that he was among the best Secretaries of State that our country has ever had.

Much, much was accomplished. We find ourselves in the final year of a very, very remarkable decade, in my judgment.

The decade has not only seen the turn toward democracy that you spoke of in your opening statement, and it encompasses not only Korea and the Philippines, which you mentioned, but also Turkey, Bangladesh, and Pakistan, and, as you alluded to, many of the nations in the Southern Hemisphere.

At the beginning of the decade of the eighties, only 10 percent of the people, for example, of South America lived under any form of democracy. At the end of the eighties, now, it is 90 percent.

Every country in South America, with the exception of Chile and Paraguay, now can be counted in the rolls of democracies, albeit rather fragile democracies, as you also alluded to.

But I think that George Shultz had a very important, remarkable role to play in achieving that.

But perhaps an even more remarkable achievement of this decade is that not a single country in the world, not a square foot more of the world's surface has fallen under dictatorship of any type, whether it be dictatorship of the right—a new Pinochet, a new Ayatollah—or dictatorship of the left—communism. None of those forms of dictatorial government has made any progress whatsoever.

I don't think that there has been a single country—I have not been able to name one—where people have lost their individual rights, where people have lost their freedoms in the 1980's.

So, we are in the final year of a remarkable decade, in my judgment. I don't think that there has been a decade in my life or in the life of my father where a similar statement could be made.

Much of that I think is attributable to your predecessor, George Shultz, and, of course, the President and the rebuilding of the Nation's defense.

So, I trust that as you enter the position of Secretary of State, we will have a good, long relationship with you because it is an important element of success to have some continuity of policy.

I am very much a fan of the bipartisanship that many of the members have spoken about today. As you may know, Senator Kassebaum and I are members of that little group, with Senators Boren, Danforth, Nunn, and Bradley, which got together last year—frankly, mostly at my insistence. It was hard to get all of us together. We got together with the Secretary of State on a couple of occasions. I would hope that bipartisanship proceeds in whatever fashion, in whatever form, whether it be with this group, this committee, or some other mechanism. But it is an important element of our foreign relations that really was born at the beginning of the Second World War.

I will be most cooperative in that regard.

I want to ask you questions about the environment and about the Middle East. I would like to start, if I may, with the question of global warming.

I was on the U.N. delegation this fall. Senator Dodd and I were the two Members from the Senate.

I told the State Department that I would only go if I could give a speech there at the U.N., and subsequently at the IPCC in Geneva, on global warming.

There was, very frankly, some reluctance to do that on the part of the State Department because they were still studying the issue. While I am not expert in environmental matters, nevertheless I felt, from what I understood of it, that unless we acted quickly, some irreversible damage might be done.

I note in my first question that we need to expand the Montreal protocols and further limit worldwide chlorofluorocarbon production. Some European countries have called for an 85-percent reduction, which is higher than the 50 percent that is required by the Montreal protocols. I wonder if the Department has developed any positions on this and how you intend to handle the issues of not only chlorofluorocarbons, but also global warming?

STATEMENT OF HON. JAMES A. BAKER III, OF TEXAS, TO BE SECRETARY OF STATE

Secretary-designate Baker. Well, Senator Boschwitz, we have not taken a specific position with respect to the percentage reduction that I am aware of, and that will be something we will have to develop.

The President-elect, as I mentioned in my statement and as several other members of the committee referred to this morning, did call in the campaign for a global conference on the environment. It's inconceivable to me that we could have such a conference without global warming being a very important topic on the conference agenda, even though the when and location of such a conference and the items on the agenda have not been finally determined.

Senator BOSCHWITZ. We passed a resolution here in the Congress which directed the Secretary of State to promote an International Year of Global Climate Protection, as well.

Have you made any plans as to under whose aegis this will fall in the State Department, whether or not there is going to be a Deputy Assistant Secretary or an Assistant Secretary who is going to oversee this particular area?

Secretary-designate BAKER. I would suspect, Senator Boschwitz, that the Assistant Secretary for Oceans, Environment and Science would probably have the lead within the Department in this general area.

Now, we have not made a determination about whether or not there would be a specific Deputy Assistant Secretary, whose job would specifically involve global warming.

Senator BOSCHWITZ. This whole subject of global warning has come, of course, to the public's attention much more vividly in recent months. It would be my hope that we aggressively pursue that and that it become an important element in the program of the State Department.

Do you know what you want to do about the possibility of leadership in that, other than that Assistant Secretary?

Secretary-designate BAKER. Not beyond that, Senator Boschwitz, except to say that this is a matter that is of interest and I think of significant importance, as I indicated in my opening statement.

Senator BOSCHWITZ. Yes.

Secretary-designate BAKER. So, I would expect to have some involvement with it myself at appropriate times. But in terms of the day-to-day leadership in our Department, I think it would be appropriately lodged in the office of the Assistant Secretary for Oceans, Environment and Science.

Senator BOSCHWITZ. Well, I hope that there is a very aggressive position taken with respect to that.

I noted that in your opening statement you did not read all of its parts. There were 33 pages, so there was a little skipping, as one would expect. Some of the skipping occurred with respect to the Middle East.

I wanted to be sure that that was read into the record. I know that your entire statement will be in the record, but, nevertheless, to emphasize it, from this Senator's standpoint, let me read some of its parts and then I will ask a couple of questions about it.

After your statement that a dialog had been authorized with Yasser Arafat, you said:

> But the existence of the dialog should not lead anyone to misunderstand our overall policy or question our enduring support for the state of Israel. As President-elect Bush has described it, we have a solid consensus on the objectives and means of making peace between Israel and her Arab neighbors. These include the purpose of the negotiations, which is, above all, a just, enduring peace that ensures Israeli security and satisfies the legitimate rights of the Palestinians. We advocate direct negotiations based on U.N. Resolutions 242 and 338, which include exchange of territory for peace.
>
> Realistically, Jordan must play a part in any agreement. The Palestinians must participate in the determination of their own future. We continue to believe, however, that an independent Palestinian state will not be a source of stability or contribute to a just and enduring peace.

I think you read that particular sentence.

These are sound principles and they should guide us.

I was pleased to read that statement, Mr. Secretary.

Would it be fair to say that this administration will continue the policies of the Reagan administration with respect to the Middle East?

Secretary-designate **Baker**. Generally speaking, I think that is correct, although this administration will, of course, feel free to supplement and modify those policies, as the circumstances might require, as we move forward.

Senator **Boschwitz**. You didn't mention in your statement many things, and that's understandable.

Secretary-designate **Baker**. I didn't hear you, Senator.

Senator **Boschwitz**. I said that your statement was not supposed to cover every nuance of every issue, I'm sure. You did not mention a position that has been taken by our Government with respect to returning to pre-1967 borders; that the United States has understood that Israel could not return to pre-1967 borders.

Do you expect that particular policy to be continued as well?

Secretary-designate **Baker**. I have no reason to think that we would depart from it, Senator.

Senator **Boschwitz**. Or the unity of the capital city of Jerusalem?

Secretary-designate **Baker**. The undivided status of Jerusalem?

Senator **Boschwitz**. Yes.

Secretary-designate **Baker**. That's correct.

Senator **Boschwitz**. I am very pleased to hear that.

I wonder if you could touch upon what you expect to see move forward now in the conversations with Mr. Arafat.

Secretary-designate **Baker**. Well, I think, first, as I said in my statement, Senator Boschwitz, the dialog that has been begun is not an end in and of itself. To have any value, that dialog is going to have to, in our view, somehow contribute to the peace process.

It is, I suppose, one more step toward the beginning of negotiations among the parties in the region. As the section you just read makes very clear, it's our view that direct negotiations between the parties alone can lead to peace.

We have made it very clear in establishing this dialog, the Reagan administration has, that there is going to be only one channel, and that channel is to be our ambassador in Tunis.

It would be my thought that we would continue that and see if the dialog could facilitate a move toward direct negotiations.

Clearly, we would discuss, I suppose, the peace process. Obviously, we will discuss terrorism and the importance that there not be any resumption of that.

These are the items I think that might properly be embraced in these discussions.

Senator **Boschwitz**. There has been much talk about an international conference with respect to the Middle East that would perhaps bring in only the Soviets. Some say that it should bring in very many countries.

Have there been any discussions or any thought about what our position will be with regard to an international conference on Middle East issues?

Secretary-designate **Baker**. Well, there really hasn't been discussion among the constituent elements of the administration, since we are not in office, yet.

But let me say, again, that I do not at this time see why we would change that element of U.S. policy, which, as I understand it, is that an international conference, provided only that it is properly structured, would be appropriate if it could assist in leading toward direct negotiations.

Senator **Boschwitz**. Thank you.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much.

The Senator from Connecticut.

Senator **Dodd**. Thank you, Mr. Chairman.

Mr. Secretary, let me join in with others in congratulating you and congratulating President-elect Bush for making this nomination, and, of course, for your distinguished years of service to the country. I applaud your efforts particularly.

I know you went around to see each and every member of this committee beforehand, and if you spent roughly the same amount of time with everyone that you did with this Senator, that was a herculean effort. I personally appreciated very, very much the opportunity to share some thoughts with you and to underscore what has been said over and over again this morning about the need for bipartisanship in dealing with foreign policy.

I think if you went back and looked at the opening statements of candidates or nominees for Secretary of State during this century, you would find in almost every instance, that a commitment for bipartisanship has been made.

My hope would be that we might promote ideas you have suggested, such as frequent consultation. I know you have made the recommendation that you would like to meet with members of the committee, if not the whole committee, from time to time on an informal basis. But I would like to extend that, given the various subcommittees of this committee, to the assistant secretary level as well in order to develop the kind of personal relationships early on that could foster this bipartisanship. And then to possibly consider, when appropriate—and I would emphasize those words—consider what has been done by some Presidents and some Secretaries of State during this century on rare occasions, though when they have been used it has been very effective, which is to invite Members of the Senate to participate in treaty negotiations, state visits, and consultations on establishing policy. Again, I say, "when appropriate." But from time to time, this tactic has been used by Presidents most effectively.

It's not only good politics here at home; I think it is a very important signal that can be sent, not only to show diversity, where diversity exists, but to underscore a unity of purpose from time to time that I don't think we take advantage of.

So, I would hope you might consider some of those thoughts and options as you go forward.

It will come as no great surprise to you that I would like to focus my questions to you, this afternoon, on the area of Latin America. I chair the Subcommittee on Inter-American Affairs.

I want to commend you at the outset, for your comments on Canada and the recent trade agreement, and, for your very thoughtful comments on Mexico. I will come back for some questions regarding Mexico in a few moments.

Also, I read into your comments on Central America a strong desire to find a policy that can be endorsed and supported not only by the executive branch, but also by the Congress.

I would be remiss, however, Mr. Secretary, if I did not point out—and I don't want to belabor this because opening statements should not be seen as the end-all of a policy or a position of a particular candidate—but there is only one single reference to South America in that entire four pages.

One of the accusations which we all receive as North Americans, as citizens of this country, is that our vision on Latin America somehow falls off at the Panama Canal, though there are 300 million-plus citizens living south of the Panama Canal, and only about 25 million—putting aside Mexico, if you will—in the isthmus of Central America.

The concern has been that we have overemphasized, that we have been preoccupied with Central America, to the neglect of South America. As someone suggested recently, the hole isn't big enough for Brazil to fall in, if, in fact, problems emerge there.

So, in response to this opening comment, I would appreciate it if, you might share some general thoughts about South America. The absence of it in the statement is apt to be read, I think, improperly.

With regard to Central America—and I know you share these thoughts, that Central America is not Latin America, but only one part of it—it might be helpful to start from the position that the present policy just in Nicaragua isn't working. We have to begin anew and try to find an effective policy that deals not only with our legitimate national security concerns, but also the political concerns.

My view has been, over the last 8 years, that we have held one of those goals hostage to the other and, thereby, achieved neither of them.

Clearly, in my view, this is not a policy that we can fall back on or tinker with. Some new thinking is necessary.

So, I would urge you to follow through on your desire and commitment to try to develop a workable policy on Central America. Having done so, we can move along and deal with some of these other large questions which plague us in this hemisphere, including the dead issue which Senator Sarbanes has already alluded to.

Let me, if I may, in my opening question to you, pick up on a comment you made this morning which dealt with Panama. I believe it was Senator Kassebaum who raised the issue about a serious problem that emerges with the appointment of a new Commissioner. The Panama Canal Treaty requires that after January 1, 1990, there be a Panamanian Commissioner.

In your response to her question regarding the treaties—and if I am not quoting you exactly, correct me—you said "I'm not sure it's in our best interests to see us move forward down there under the present situation," in response to the treaties.

Let me ask you this, if I could.

Is it your view and the view of President-elect Bush that at this particular juncture it is the intention of the administration to support the Panama Canal Treaties?

Secretary-designate **Baker**. Yes, it is.

Senator **Dodd**. And the comment of moving forward would not in any way, at this juncture, relate to our commitments, or an unwillingness somehow to meet our commitments?

Secretary-designate **Baker**. It related, at least in my own mind, to the idea of bettering relations with Panama or normalizing relations with Panama.

Senator **Dodd**. But not a reflection on the treaties themselves?

Secretary-designate **Baker**. No, sir. Understanding our obligations under the treaty, I think that we will be faced together, soon, with this question of confirmation of an individual who will, in effect, be not formally nominated by but recommended by a government with whom we do not have good relations.

That's the point I was making.

Senator **Dodd**. Again, I don't want to dwell on this, but I know you have different thoughts—at least I understand there to be different thoughts—regarding the problems of South America. You will understand why I read your statement with some concern, in the absence of a real specific reference or mention of the overwhelming problems that face South America.

Secretary-designate **Baker**. Well, Senator Dodd, I have spent a fair amount of time as Treasury Secretary on those problems, and so, I certainly share your concern about them.

Frankly, I thought that I had made a fairly important reference to South America in the opening statement, or a reference which pointed up the importance of South America, which is the reason that I called for a voyage of rediscovery.

I think, or at least in my own mind, I was trying to make the very point that you are making, and that is that all too often, in our concern about our very important interests in Mexico and Central America, we tend to somehow give short shrift to South America.

At Treasury, I was involved quite directly in the problems of drugs and debt, which, of course, are two of the major problems that we have. They are two of the major problems South America has and two of the major problems that we have with South America.

And so, I really share your view that it's a region of the world that is extraordinarily important to the United States and one that we simply cannot afford to overlook. That's why I called for a rediscovery.

Senator **Dodd**. I appreciate that.

You were particularly well spoken in referring to Mexico and how important that is.

As you know, you and I have talked about the certification process relating to the drug issue. It is required that the administration certify that certain countries are fully complying, or being "fully cooperative," I think the words are, with the efforts to eradicate the drug flow into this country.

Over the last several years, we have had extended debate here in the Congress. Under the law, of course, those matters are given expedited procedures, which means that those matters take precedence over all other matters before the Congress, with the exception of a motion to adjourn.

Obviously, they have been acrimonious in some situations.

I wonder if you might make some comments about whether or not you think this drug certification process is healthy. What, if any, suggestions do you think the administration might be making to change that process in the coming months?

We will be faced with it again in March or April. President Bush will be required to certify whether or not, in fact, Mexico is being fully cooperative.

In light of your statements about Mexico, is that not a potentially damaging debate and situation?

Secretary-designate BAKER. It can be, I think, Senator Dodd. Upon occasion, perhaps it has been.

I will say this.

I don't have any quarrel with the certification process, as such. The standard of "fully cooperative" I suppose is something about which reasonable minds could differ.

I think that there have been occasions in the past where countries have been making, let's say, significantly improved efforts, taking significantly improved actions, and we find ourselves all wrapped around the axle here in this country about whether or not that amounts to being "fully cooperative."

I do believe we are entitled to look to those countries for assistance in the war on drugs, and we are entitled in disbursing our taxpayers' dollars to expect them to cooperate with us in trying to get a handle on this scourge.

But, as you suggest in your question, sometimes in the past it has presented somewhat of a problem.

The Vice President and I met with President Salinas in Texas in November. This issue was on the agenda. We discussed it, as we always do when we meet with the Mexicans.

I am quite convinced that they are making a good-faith effort and intend to make greater good-faith efforts.

I think they see the problem as one not just for the United States but one for Mexico as well.

Senator DODD. I agree with that.

There are some suggestions as to how we might improve that. I agree with you. I think there should be a certification process. But I think there is a need for some improvement in how we do that.

I won't take this particular time to pose some of those suggestions to you, but look forward in the coming weeks to maybe sitting down with those people who are interested in this. I know Senator Helms is very interested in this issue. He and I talked about it in the last Congress. Senator Kerry has been involved in it as well, among others.

It is an issue that can take up a great deal of time and debate, and I am not sure that we necessarily achieved the purposes that were desired when the legislation was adopted.

Let me, if I can, jump to some other subjects very quickly.

One of the things that failed—and Senator Boschwitz mentioned that he and I served as congressional delegates to the United Nations—was our support of the U.N. Peacekeeping Forces. The $150 million that we had committed to last year did not make it through in the waning days of the 100th Congress. I think this was primarily because of procedural or jurisdictional questions, not so much the substantive issue of whether or not we ought to be committed to that particular effort. Given the fact that we are asking the U.N. to become involved in Afghanistan, southern Africa, and other places around the world, our inability to fulfill that obligation is causing some friction.

Is the new administration planning to resubmit that request to the Congress early, or are you planning on waiting a while?

What are your intentions with regard to that?

Secretary-designate **Baker**. Well, President Reagan, as you know, in his budget requested full funding for our assessment to the U.N., and I think funding for 10 percent of the arrearages, which are owed.

I have no reason to believe that Vice President Bush will change that. But we have not, frankly, had our budget discussions. It is my understanding that he will be addressing a joint session of the Congress and laying out those areas in which his budget priorities will differ from the Reagan administration.

We have not had all those discussions yet, so I can't tell you that it would be exactly the same.

Senator **Dodd**. You do understand that there are two separate issues there. One is the arrearage issue and the other is the peacekeeping forces.

Secretary-designate **Baker**. Yes, sir. I understand that.

I would anticipate that we would resubmit the request for the peacekeeping. We will probably be coming with an additional request, Senator Dodd, as I understand it, in order to support the peacekeeping efforts under the Angola-Namibia accord.

Senator **Dodd**. I appreciate that, Mr. Secretary.

On page 15 of your testimony—jumping back to the Central American question—at the second to the last paragraph, you say, "These objectives of American diplomacy carry great national responsibility. We cannot and must not abandon the democratic resistance. We must stand by them until our mutual goals are achieved."

That is a rather open-ended proposition. I wonder if you might flesh out a little bit what our mutual goals are. For instance, do you mean that, in Nicaragua, a full democratization in that country would be our goal?

Should I read into that simultaneously that our intention would be to continue to support and fund the Contras during that period of time, until full democratization were reached? Or, are we looking for something a bit less than that, before we would make the decision to move away from the Contra approach to something else?

Secretary-designate **Baker**. I'm not sure that I can pinpoint the point at which we would feel we could move away from that, Senator Dodd.

As you know from our discussions and the discussions I have had with other members of the committee, I think it is very, very important that we move in a unified way here. I do not think that on humanitarian grounds or on moral grounds we can abandon the

Contras. We simply cannot do that. The United States simply must not do that.

This is not to say that I think the best strategy or tactic is to move quickly on a request for military assistance, as I have expressed to you in private discussions.

Our goals in Central America are essentially what they are in other parts of the world—that is, movement toward democracy and respect for human rights.

The Esquipulas II accords could well be seen, as far as I am concerned, to be goals to be attained in Nicaragua.

I'm not so sure we can't attain those goals if we can act together.

Senator DODD. I appreciate that very much.

My time has expired. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you very much.

Senator Pressler.

Senator PRESSLER. Thank you very much, Mr. Chairman. I add my congratulations and join in the complimentary comments of my colleagues. I think we are very lucky to have you leading the State Department and we look forward to your tenure there.

Let me follow up on one of Senator Boschwitz' questions.

We talk a great deal about a possible peace conference in the Middle East and so forth, but what would be an acceptable outcome?

Would you envisage that if there were a confederation under King Hussein that included the West Bank and Gaza, with a right of passage—and this is something that President Mubarak of Egypt described to me as a possible outcome of negotiations—would that be an acceptable outcome if, in addition, all the Arab states recognized Israel? Would that be what you would envisage as a potential outcome of a Middle Eastern peace conference?

Secretary-designate BAKER. Well, I think it would be premature, Senator Pressler, for us to sit here and try to outline what under all circumstances would be a satisfactory outcome.

Let me say that we have said we do not support the concept of an independent Palestinian state, that we are thinking in terms of some sort of confederation with Jordan. We have said that we believe there will be some transitional stage required before we get to the point of your question, which is what is a satisfactory final outcome.

What is a satisfactory final outcome is going to be determined, once again, only by direct negotiations between the parties.

Senator PRESSLER. My wife and I had the pleasure of visiting three Arab countries and Israel during the recent holiday. I met with the various national leaders. The most positive on a settlement seemed to be the President of Egypt, who described in some detail what he envisaged as a possible outcome.

But if there were to be such a confederation, and if Israel were recognized by the Arab states, would that necessarily mean an end to potential terrorism?

For example, when we were in Iraq, I found the Iraqis very hard to read. The Iraqis don't seem to like the Iranians, they don't like the Syrians, they don't like the Israelis, they don't like the Americans. I think we have this vision that if a confederation under Hussein were accepted, and, as Mubarak said, with Arafat in a prominent role within that confederation—as prime minister, I suppose, or governor of something—the problem of terrorism would disappear. But would that necessarily mean that Iraq and Syria and the Shiite Moslems would fall into line?

Secretary-designate **Baker**. No, it doesn't automatically follow, I suppose.

Senator **Pressler**. So, would you envisage that a peace conference would have a much broader role than just a settlement regarding Israel and the West Bank?

What is your concept of the outcome of a peace conference?

Secretary-designate **Baker**. Again, Senator Pressler, I really think it is premature for me to outline what I think the final result of such a conference ought to be, because there are going to be all sorts of considerations, many of them of the nature which you have just suggested. But there will be others that will enter in, such as physical elements on the ground, within the West Bank, perhaps, and Gaza, that might have to be excluded.

We really should not, in my view, prejudge that.

Senator **Pressler**. Turning to Europe and to the subject of agriculture and our trade war with Europe, how do you see this being resolved and what role will the State Department play?

I know this is an extremely delicate area because we are in a trade war, in my judgment, on agricultural trade with Europe.

I know that President-elect Bush has quite correctly said that a key element of the first conference of ministers on economic affairs will be the agricultural trade issue. But Europe, in particular, is very sticky, because they subsidize, as we subsidize.

I hope that we can get to a point where we have a treaty, a long-term treaty, reducing those subsidies on both sides or something of that sort.

Do you envisage, as Secretary of State, to lead such a movement, or what role will you play?

Secretary-designate **Baker**. Well, the United States, as you know, has been trying to move in that direction now for several years.

President Reagan proposed the elimination of all agricultural subsidies over a 10-year period, and we were unable to get agreement on that at the Toronto economic summit.

We were unable, in fact, to get agreement on perhaps a less ambitious objective in the recent Mid-Session Review in the Uruguay Round in Montreal in December.

Good progress was made in that negotiation. I think they reached agreement on 11 out of 15 topics. But one of the major topics they did not reach closure on was the subject of agricultural trade.

There is no greater trading problem in the world today than the problem of agricultural trade. Somehow we are going to have to find a way where we, and our allies, and other nations around the world, can move back to a free market system for agriculture. This means that we are going to have to find a way to do something about our subsidies, and they are going to have to find a way to do something about theirs. But neither one of us can do it unless the other moves at the same time, because you won't be able to do it politically.

Senator PRESSLER. It's my feeling that the Secretary of State will really play a key role in getting that resolved.

Secretary-designate BAKER. We will be working very hard to that end because it represents the No. 1 trading problem in the world today.

Senator PRESSLER. I know that last year, a group of us in the Senate and the House included in the trade bill a resolution urging the administration to begin negotiating a treaty among the agricultural producing nations, which would be one part of such an agreement, because we count our subsidies differently than Europe does. Actually, our farm bill reduces production and puts land into set-aside, while their subsidies enhance exports and actually encourage production.

Do you envisage taking any initiatives in terms of starting such a treaty negotiation? What would be the initial steps, as you see it, especially relating to Europe, in terms of agricultural surpluses?

Secretary-designate BAKER. Well, I think that what we will do, Senator Pressler, is continue trying to hammer home the importance of reaching closure on this issue. It is something that we actively discuss now in every meeting we have with the European Community or the constituent elements thereof.

I believe there is a followup Uruguay round meeting in April. You know it will be on the agenda there. I am quite confident that it will be on the agenda of the July economic summit in Paris. It is something that we will continue to confront at every one of the meetings that we have.

Senator PRESSLER. Good.

I look forward, as I think we all do, to working with you on those problems. I think they will be, really, the foremost area in terms of differences with Europe on economic matters.

Another area where there is strong feeling among farmers and agricultural communities is that a lot of the loans of international organizations compete directly with our farmers. That is not necessarily always bad, although many farmers look upon it as direct competition.

The large international banks, many of their loans, which we subsidize, go into large-scale agricultural production, which some countries have used to compete directly with our exports.

Do you see a problem there?

Secretary-designate BAKER. We were conscious of that when I was at Treasury, and there are some loans that the United States votes against as a matter of course and a matter of law, where the loans are used to produce commodities which are in oversupply. I believe there has been legislation in the last couple of years that requires us to vote that way in the international financial institutions.

I really do not think that the problem is as great as your question might suggest. There are not as many of those loans coming down the pike anymore.

One of the few ways that lesser developed countries can develop, quite frankly, is through agriculture. If we foreclose that approach to them, they will be very limited, some of them, in what they can do.

The United States prospers when we have a vibrant trading relationship around the world and when we have lesser developed countries that have the ability to earn hard currency so they can buy U.S. exports.

Senator **Pressler**. What do you foresee for the food for peace program or the export PIC program? Do you have any concept of what your leadership or what your activities as Secretary of State in that area will be?

Secretary-designate **Baker**. Very limited, Senator Pressler. I have not gone into that in a lot of depth, particularly the export PIC program.

I do believe that there is a balance that has to be struck in the food for peace program between encouraging exports and serving foreign policy interests of the United States.

Senator **Pressler**. Mr. Secretary, in Amnesty International's last report, human rights abuses against the Albanian minority in Yugoslavia were documented.

What do you see happening in this area as Yugoslavia seems to be coming unraveled? What will our policy toward Yugoslavia be?

Secretary-designate **Baker**. Well, to the extent that there are human rights abuses there, we will treat those the way we do human rights abuses elsewhere. We will do what we can diplomatically to change that.

Our policy toward Yugoslavia has been one of trying to be helpful where we can. We have, in fact, been helpful to Yugoslavia in the International Monetary Fund, perhaps in the World Bank, although I am not aware of a specific instance there.

We have seen bilateral visits by the Prime Minister of Yugoslavia during the first and second Reagan terms, and I would imagine that our policy toward Yugoslavia would continue to be pretty much what it has been.

Senator **Pressler**. As a former chairman of our European Subcommittee here, and now the ranking member, we have held a number of hearings on the Greek-Turkey-Cyprus problem, and we are going to hold another one, I understand, in the upcoming weeks or months.

What do you see as the United States role in terms of resolving the stalemate on Cyprus?

Secretary-designate **Baker**. Well, I'm not so sure, Senator Pressler, that the United States is going to be particularly active in that, beyond supporting the efforts of the U.N. Secretary General, who is very, very active in trying to resolve that problem.

We would like to see it resolved. Again, it's one of these things where a solution can only come about through direct negotiations between the two sides. It is the view of the U.S. Government, the present Government, that the Secretary General of the United Nations is best placed to be the third party to assist the two sides toward a solution.

Senator **Pressler**. Another matter the European Subcommittee will look into is the Armenian situation. We note that the administration has expended a tremendous amount of resources to facilitate Soviet Armenian emigration. But, on the other hand, there has been a problem with thousands of Armenian Christian refugees who have been uprooted from the Middle East and elsewhere and who cannot come to the United States.

I guess this is the old dilemma in terms of emigration in that the most visible place gets the most attention.

How would you address the plight of the refugees who have fled to asylum countries in Europe and South Asia and who are looking for a chance to come to the United States?

Secretary-designate **Baker**. This is a very difficult problem. It is a problem of resources. It is a problem, frankly, of being, to some extent, the victims of our own success.

We are seeing fundamental changes in the human rights policies of the Soviet Union. This has led to a great influx of refugees. We're seeing continued exodus from Southeast Asia of the Southeast Asian refugees. And so, we really have more seeking admission now than we have the capacity in terms of financial resources to admit.

We will probably be coming back up here looking for some money—that's the bottom line—if the policy doesn't change. And I have no reason to suspect that the policy would change, nor do I think it should change.

Senator **Pressler**. Again, on the issue of Western European security, the whole subject of burdensharing has been covered somewhat. But there is a belief—and, of course, it depends on whose numbers you look at—that our European allies are not bearing their fair share of the defense of Europe; that 40 years after the end of World War II, we should be bringing some of our troops home; that the time has come to make some changes in that whole area.

Where will your leadership take us on that question?

Secretary-designate **Baker**. I would like to see us start referring to it, first of all, Senator Pressler, as "creative responsibility sharing," or "division of labor." I think it is broader than just burdensharing in terms of the defense relationship.

Sometimes I think that the allies do a bit more than is acknowledged, and I certainly think it is important that we count host nation support in conscription exercises and things like that, which are done on their turf.

I think burdensharing, division of labor, should remain high on our agenda. We should continue to press for greater burdensharing by our allies.

I do believe that we have to recognize that Japan is moving more and more in this direction. France does some things in Africa that I think could quite properly be counted under the heading "burdensharing."

It is a matter that I felt, as Secretary of the Treasury, and will feel, as Secretary of State, is quite proper for us to inquire into and to negotiate with our allies with respect to.

Senator **Pressler**. Thank you very much, Mr. Secretary.

The **Chairman**. Thank you.

Senator Kerry.

Senator **Kerry**. Thank you very much, Mr. Chairman.

Mr. Secretary, I join, obviously, with my colleagues in both welcoming you as well as congratulating you. I just wanted to express my personal appreciation to you for the time you took to spend individually with us. I want to thank you for those discussions—they were most helpful—and also for your followup on a number of matters that we discussed during that time.

A number of my colleagues have asked about aspects of the environment, and I would like to do so, notwithstanding the fact that perhaps to each of the questions you have suggested that not yet is there an official agenda.

I would like to do so perhaps partly because, hopefully, I think we would like to hear some of your personal thinking on it as you assume this important post, and also perhaps even in the questions unanswered, there is a heralding of issues to come before us and perhaps an underscoring of the importance of those issues.

One of the blessings of being out of here for a while is that we get a little more time to read and think. I spent much of that time reading recent studies and increasing literature about a number of different issues regarding the environment.

While I thought myself knowledgeable and have worked for many years on acid rain and some other issues, I must say that genuine concern was really turned into both profound and genuine alarm at where we are.

I would like to suggest that the time has come perhaps for the Secretary of State and the President to place the environment not just on an agenda, and not simply as one of the many issues, but perhaps even in a position almost equal to, equal to, and depending on where you read recent reports about the START talks, equal to such discussions.

Last year, I had a letter delivered to Secretary Gorbachev and the President, which was signed by 71 of my colleagues, asking for bilateral talks with the Soviet Union as to how the superpowers might jointly move to exercise influence in this area.

It strikes me that, whether you are talking about ozone depletion, rain forest diminishment, ocean pollution, plastic and otherwise, acid rain, or climatic change, each and every one of these is going to be intimately tied to our policies of development, to our continued pressure—and I know in 1987, you made a call on the IMF and the World Bank to deal with this. But the IMF has done nothing and the World Bank is struggling.

So, I would like to ask you, first of all, for your personal thinking. Do you want to, as Secretary of State, and is it your intention to, and how will you place this agenda where it ought to be, in terms of world affairs and the future of this country?

Secretary-designate Baker. Well, Senator Kerry, one thing I have already suggested is that we consider broadening our agenda with the Soviet Union from bilateral matters, human rights, arms control, and regional matters, from four subjects to five subjects. The fifth subject would be a collection of three transnational problems, one of which would be the environment, the other two of which would be drugs and terrorism.

It seems to me that those ought to occupy a position of importance in our discussions with the Soviet Union. So, that is one way.

A second way would be to follow through on the Vice President's campaign commitment to host an international conference on the subject of the environment. Again, I cannot tell you, sitting here this morning, what subjects will be on there. But I daresay it would probably include the very subjects that you mentioned and certainly the issue of global warming would be on there.

I think that would be my answer to you. Those are the ways in which I think we can bring more attention to bear and more focus to bear on what I share with you is a very, very difficult and almost alarming problem.

Senator KERRY. Let me go a little further, if I may, Mr. Secretary.

In 13 days, you will be hosting the first meeting of the Response Strategies Working Group of the Inter-Governmental Panel on Climatic Change. This will be attended by France, Canada, China, the Soviet Union, I think some 15 countries.

Secretary-designate BAKER. Right.

Senator KERRY. Do you have an intention as to how the Bush administration will place a stamp of some kind on this meeting in 13 days?

Secretary-designate BAKER. No, sir.

Senator KERRY. Will there be any agenda stated?

Secretary-designate BAKER. Well, I'm sure there will be. I can't tell you what it will be now, but it will be one of the first things we will have to develop after we take office.

The meeting, as I understand it, is in 13 days, that's right—January 30 and 31. But I cannot tell you what that agenda will be until we have had a chance to meet on it and have the other elements of the executive branch, who quite rightly have a say in this area, have their say and have the President make a policy determination.

But that is one of the first things we will have to do.

Senator KERRY. Do you have any intentions of reviewing those plans for that meeting, prior to its taking place?

Secretary-designate BAKER. Yes.

Senator KERRY. What about the membership of the intergovernmental panel? There are many people who believe that that membership is made up of people who have helped to frustrate the Montreal protocol, which in and of itself is an issue.

Secretary-designate BAKER. That's right.

Senator KERRY. Do you intend to review the membership?

Secretary-designate BAKER. Well, I am sure that the new President will review the whole range—the issues, the agenda, and the membership.

I must say, Senator Kerry, that I am not sure that I would agree that we will, of necessity, have the same tensions in the new administration that we had in the old, because we are going to have new faces, for one thing, around the table.

I think that there is a real, honest, solid appreciation on the part of this new President of the problems that are presented in this area. He wants to deal with them, and he is not going to let bureaucratic interagency differences get in the way. It just is not going to happen.

Senator KERRY. That is encouraging.

Many chemical companies and the EPA administrators, I believe, are also advocating that there be a revision of the Montreal protocol. During the campaign, I know that President-elect Bush applauded Du Pont's withdrawal from manufacture of CFC's, et cetera.

Are you intending to move for a revision of the Montreal protocol? Will you support that?

Secretary-designate **Baker**. I don't know what you mean by a "revision of the protocol," because that could mean a lot of things.

By that, do you mean are we going to adopt a reduction target now?

Senator **Kerry**. An additional reduction target.

Secretary-designate **Baker**. An additional reduction target?

I think we will have to look at that, Senator Kerry. But my sense is that we ought to be careful about jumping out there too quickly unilaterally.

What we have to do to be effective in this area is to get multilateral acquiescence and agreement. We can't do anything on these major international environmental issues by ourselves.

One of the reasons we had some of the tensions that I think we had before was because the United States had taken some action, other countries had not, and some people felt the United States was not getting sufficient credit for the action it had already taken.

So, I think we ought to look carefully at that. But I can't tell you for sure that we will jump out there unilaterally.

Senator **Kerry**. I certainly look forward to working with you on it and hope that we can get you to look at it.

I would agree with the issue of unilateralness. But I think the revision predicates the notion that it is negotiated and revised by all parties thereto.

Clearly, unless the United States has stated an intent to revise and a desire to go along, it probably won't happen, or we'll get left in the dust. My hope is that we would take the lead on it.

I think I am really asking you whether it is your intention to do so, or do you think it is possible that we might.

Secretary-designate **Baker**. In my statement I said how important it was, I felt, that the United States continue to lead in international relations. I felt that way at Treasury and I will feel that way at State.

Senator **Kerry**. In the same vein, the Toronto Conference on Global Atmospheres suggested that nations reduce their CO_2 emissions by the year 2005 by 20 percent.

Last year, in the Senate, there was legislation to reduce it by the year 2000 by 20 percent. We are the world's largest contributor thereof.

Would you view that as something we might even take unilateral action on in an effort to bring other nations along?

Secretary-designate **Baker**. There again, I would like to think that we could bring other nations along by perhaps the promise or at least by holding out a commitment from the United States to take action if others do. I do not think we ought to take the action and have it sitting there on the table for somebody to pick up. I think we ought to use it to bring them along, Senator.

Senator **Kerry**. On another subject—and perhaps in the next round I will come back to this—I want to ask you is it possible for you to state now that it is going to be United States policy to continue to seek the removal of General Noriega in Panama?

Secretary-designate **Baker**. I suppose it's possible for me to state that. [Laughter.]

Senator **Kerry**. Well, moving beyond the realm of possibility, is it the intention? Is that the policy?

Secretary-designate **Baker**. Let me phrase it this way.

I see no basis under which we could move toward a resumption of normal relations with Panama as long as General Noriega is in power.

Senator **Kerry**. And does that mean that we will continue to recognize Mr. Delvalle as the president?

Secretary-designate **Baker**. That is the current policy and I see no reason why that would change under President Bush.

Senator **Kerry**. Does that mean that the sanctions will be continued until Noriega either voluntarily leaves or is removed?

Secretary-designate **Baker**. Well, it means that there can be no lessening or removal of the sanctions unless there is movement on the other side.

Senator **Kerry**. Movement. Can you define what "movement" means?

Secretary-designate **Baker**. No, because you want me to state something categorically that I am just not in a position to state, Senator.

What I am really saying is there can be no movement toward normalizing relations with Panama as long as General Noriega is in power.

Senator **Kerry**. Thank you.

Now, as you also know, there are six Mutual Legal Assistance Treaties currently before the Congress, with the Cayman Islands, Mexico, Canada, Belgium, the Bahamas, and Thailand.

I wonder if you might comment on how you feel about the importance of those treaties and whether or not the administration wants those and will work for them.

Secretary-designate **Baker**. The administration supports those treaties, we would like to have them, and we will work for them.

Senator **Kerry**. I know you are aware because we talked about this privately, about the International Money Laundering Control Act contained in the 1988 Omnibus Drug Bill.

As Secretary of State, it will be your responsibility, I believe, along with the Treasury Secretary, to help negotiate multilateral agreements with countries in order to deal with the money laundering issue.

I wonder if you would share with us your thoughts as to the intentions of the administration to move in that direction and whether or not you support the notion that money laundering is, in fact, a critical component of controlling the flow of narcotics.

Secretary-designate **Baker**. I certainly do think it is a critical component and I worked in this area somewhat as Secretary of the Treasury.

As you know, there have been some improvements and some advances. There has been more and more attention devoted to the money laundering aspect of drug dealing. I think it is very important that we get a handle on it, and I would expect to work with other nations to accomplish that to the best of our ability.

Senator **Kerry**. Do you think it is appropriate for our banks to be able to go offshore, where they are required here in this country to report cash transactions of $10,000 or more, simply to move offshore and to be able to transact, therefore, outside of that transaction restriction?

Secretary-designate **Baker**. I don't think it is appropriate from the standpoint of getting a handle on money laundering. But I do see the problems presented by extraterritoriality.

I recall, in connection with the Libyan sanctions, when we first put them on, seeking to make them applicable to a subsidiary of a United States bank in England, and the U.K. has some serious problems with this. It ended up, if I am not mistaken, in a lawsuit, and we lost the lawsuit.

So, there are serious problems of extraterritoriality that have to be taken into consideration in deciding whether or not to move in this area.

Senator **Kerry**. Given your perception of that problem, what is your intention with respect to the act of 1988?

Secretary-designate **Baker**. Well, Senator, you are asking me a question that I can't answer because I am not sure of the extent to which the act of 1988 mandates extraterritoriality. I'm sorry.

Senator **Kerry**. That's fair. Perhaps we can follow up on that after you have had a chance to review that or something.

It is my perception that it does not get into a problem of extraterritoriality because there is no action required, depending on whether or not they then use our system of money exchange.

Secretary-designate **Baker**. I will be glad to take a look at it and get back to you and let you know what my views are.

Senator **Kerry**. I appreciate that. Thank you very much.

My time has expired, and I thank you.

The **Chairman**. Thank you very much.

The Senator from Alaska.

Senator **Murkowski**. Thank you, Mr. Chairman.

I commend you for the expeditions manner in which this hearing was scheduled.

Let me also welcome the Secretary. I think it is interesting to observe the wide interests here because one can participate in this process and really reflect on the specific areas that each Member has more than a passing interest in.

First of all, Mr. Secretary, let me join with my colleagues in the bipartisanship which has been expressed here.

I think it is fitting of Members of both sides to indicate their commitment. I think it is also fair to reflect on your own personal contribution. Some have said that you, probably more than anyone, are responsible for the strategic orchestration of the successful Bush campaign.

You referred in your opening remarks to the Old West, where they never shoot the piano player. I'm sure you are aware of your Yukon, Alaska history, and during the shooting of Dan Magrew, the Ragtime Kid playing the piano never missed a beat.

I would certainly concur that they don't shoot the piano players. But I think you would agree that occasionally the orchestra leader had better keep his eye over his shoulder from time to time.

So, if I have any advice, Mr. Secretary, it is that—keep looking over your shoulder. [Laughter.]

Senator Boschwitz. At whom? [Laughter.]

Senator Murkowski. Just look. [Laughter.]

I am very interested in the area of trade, in the role that the Secretary of State plays in that regard.

I think you are very unique in your area of experience, Mr. Secretary, because you have had an association in Commerce, and your experience as Secretary of the Treasury puts you in a unique position to know an awful lot about the deficit and our trade imbalance.

But to be specific, I think you would agree that we have a lot of players in the trade area. We have the Executive Office, we have the USTR, the Secretary of Commerce, and, of course, you in your role as Secretary of State.

The aspects of trade oftentimes come across to our friendly country neighbors with less than a clear voice, and I think you would agree that sometimes the State Department indeed seems to be committed to the issue of diplomacy, while another agency, perhaps, is committed to gaining a larger market share for U.S. business overseas.

This is expressed in many concerns. One only has to look at our trade relations with our Asian neighbors and recognize that over $100 billion, or half our total global trade deficit, is in that part of the world alone.

None of us supports the issue of protectionism. But the reality that we are the largest market for many of the countries in the Pacific Rim who market their wares in the United States leaves one with the realities of just how we are going to negotiate a share as we operate under a theory or perhaps a policy that they should continue to have market access in the United States, but we, in turn, should have access in their markets. The question of the appropriateness of leverage as something that is within the realm of the role of the State Department, as opposed to the commitments of USTR and the Department of Commerce has resulted in an awful lot of energy that has, perhaps, been not directed in a clear, concise message to our allies.

We have also seen a growing concern over the trade imbalance, the frustration that we are the largest customers for many of our allies, the realization that as we look at the trade imbalance, we see these countries buying more from our neighbors, Canada and Mexico, from Australia and South Africa, than the United States. Examples of that are purchases of coal.

We are seeing issues on the high seas in my own State of Alaska where our anadromous fisheries are being intercepted, and the mandate of using sanctions in order to maintain the resource is really becoming a concern over the bottom line. It's not a matter necessarily of who is catching the fish, but how we are going to work collectively to manage this natural resource before we lose it and the dictates that are perhaps going to be necessary in the form of sanctions to enable us to reach some type of resolve on these matters.

So, my specific question, Mr. Secretary, is how can you give us assurances that all the Government players who are involved in the international economic policy can work better together, because I think you would agree that your orchestration in this area is going to be prominent. You will be conveying the policy of the United States in many respects to our trading partners.

I can recall in the last administration examples where the Department of Transportation supported sanctions against our Asian neighbors, on aviation issues; and yet, the State Department for over 2 years insisted that we keep negotiating because they did not want to offend one of our neighbors.

Then we come back and find that the situation has not changed.

I wonder if you could enlighten us a little bit on how you intend to address these matters, Mr. Secretary.

Secretary-designate **Baker**. Senator Murkowski, I cannot guarantee you that there won't be differences between Agencies and Departments. In fact, I can guarantee you that there will be.

But what I hope will happen is what I believe happened in the second Reagan term, as opposed to what happened in the first Reagan term.

In the first Reagan term, it was my experience that we were rally unable to get a trade policy decision surfaced to the President in the right way for him to make the kind of decision he was entitled to make because we had too many coordinating bodies working.

In the second Reagan term, we collapsed all of those bodies into one body, the Economic Policy Council. Everybody sat around one table. All the players were right there around one table, including the State Department, and we were able to get issues to the President, options for his decision, and he made decisions.

I hope you would agree with me that we had a much better focus and dimension toward our trade policy in the second term than we did in the first.

It was my privilege to chair that Economic Policy Committee for the President. During that period of time, we adopted a policy of aggressively enforcing the unfair trade laws of the United States. We could see the prospect of protectionism surfacing in the United States, which would have been a disaster for the world trading system, since we are the world's largest market.

We aggressively enforce the unfair trade laws of the United States. We saw to it that we had a more reasonably valued U.S. dollar. We worked with the Congress to craft a trade bill, which may not have satisfied all of us. It may not have satisfied you or me or some of the other members of the committee, but it was, nevertheless, a pretty good piece of work.

It will now be our job to work to implement that trade legislation, and I hope and believe that we can do it in the same constructive manner that we were able to work in the second Reagan term.

Senator **Murkowski**. Mr. Secretary, specifically, will you support trade sanctions when and if you feel that indeed there are unfair trade practices that prohibit the participation of American business in foreign markets?

Secretary-designate **Baker**. Senator Murkowski, I led the charge to change our policy toward one of aggressive enforcement of our unfair trade laws when I was at Treasury.

The President of the United States, pursuant to advice that I and others gave him, was the first and is the only President of the United States ever to self-initiate 301 cases, and he self-initiated a number.

I don't see any reason why we should change that approach where, in fact, the policy we are complaining of is an unfair trade practice.

There will be differences of opinion between us on what constitutes an unfair practice. But will I support sanctions in appropriate cases? You bet.

Senator MURKOWSKI. My purpose in pursuing this, as I think you are aware, is the State Department did oppose certain sanctions in the last administration, specifically sanctions proposed by myself and Congressman Brooks on the Konzai Airport issue.

At that time, as you will recall, Japan was doing about 2.5 billion dollars' worth of construction in the United States. It was our contention that we should have access to their public works market, and that was the justification for the sanctions.

But I want the record to show that clearly the State Department opposed that proposed action, and I am gratified to hear your reassurance, Mr. Secretary, that you will stand up for the interests of American market share overseas.

Secretary-designate BAKER. I certainly will in appropriate cases.

But I don't want to be misunderstood, Senator, in the sense that I am not saying that in every case I will support sanctions. But in appropriate cases, I would expect to.

Senator MURKOWSKI. I understand that, Mr. Secretary.

Secretary-designate BAKER. I believe not only in free trade; I believe in fair trade.

Senator MURKOWSKI. And I assume that reflects on the general terminology of reciprocity. In other words, our markets are open and yours should be open, too.

Secretary-designate BAKER. National treatment. Yes, sir.

Senator MURKOWSKI. I would like to shift very briefly over to the issue of the Philippines and the concern that has been expressed by many of my colleagues as we look to the obligation which we have to continue to nourish the seeds of democracy that have been planted by the Aquino administration, yet recognizing that the complexities of what our continued role in the Philippines should be.

Obviously, it is one of great stability, having our fleet and our presence at Clark and Subic, with our Air Force, as well as the ability to lift our ships there.

But there is the realization, as we reflect on the changing activities associated in ASEAN, that they regard a major threat as potentially an internal threat, rather than an external threat, and the likelihood that we can anticipate little assistance financially from ASEAN in maintaining the scope of our presence in the Philippines with the commitment of the Seventh Fleet, as well as our air arms in that area.

My question is how are we going to stand up to a situation where obviously it is in our interest to continue our presence there, but not necessarily at any price. The fact that we have committed an amount in excess of $1 billion to the Aquino government since

1986, through no fault necessarily of that government, makes it clear that money alone still is not the answer. There is still about $260 million unspent. There is the realization that we have negotiated our base treaties in conjunction with foreign assistance to the Philippines, rather than outright rent, and this agreement is going to expire in 2 years.

There is a great deal of concern as to how the negotiations should continue.

I am wondering, Mr. Secretary, why it is not in our best interest to simply negotiate a lease or rent agreement for those bases and consider the merits of foreign assistance to the Philippines as separate from the consideration of rent, which we hide under a "best efforts" basis.

Secretary-designate **Baker**. Senator, I am not so sure that we can get there by taking that approach.

You say if we can't get there, then maybe we go somewhere else. The question quickly becomes where.

We have a very large stake in that area, an extremely large stake in the area. It is important to us, in terms of securing the national interests of the United States, that we maintain those bases. It is very important to us in terms of our ability to project power in the Indian Ocean and the Persian Gulf, and I daresay we would have had a difficult time doing what we have done in the Persian Gulf had we not had those bases.

So, it is a very difficult issue. It is one that we need to continue working at. Frankly, I really believe that, in the final analysis, we will be successful. We will be able to renegotiate them on a reasonable basis.

Senator **Murkowski**. I see that my time is about to expire. I have one short question, though I don't know whether I will get a short answer.

We look to you as one of our energy experts. You come from an energy producing State, as I do. The realization that we are currently importing about 42 percent of our oil and probably by the year 1990, it may be up to 67 percent, leads one to address the harsh realities of what you, as Secretary of State, will do to attempt to redirect our energies toward the production of more domestic crude oil.

Secretary-designate **Baker**. Let me simply say very quickly, since time is up, Senator Murkowski, that I think it is very important from a national security standpoint that we have a viable domestic energy industry in the United States.

I think we have a viable domestic energy industry now, not as active as it has been. We went through a pretty good wringer there, when prices fluctuated the way they did. But I think it is important, as I say, from a national security standpoint, that we maintain the viability of the domestic oil and gas industry.

The **Chairman**. Thank you very much.

Senator Simon.

Senator **Simon**. Thank you, Mr. Chairman.

Mr. Secretary, we welcome you.

While I am welcoming, we are pleased to have three new members of the committee here—Senator Humphrey, Senator Mack, and Senator Robb. I think they are going to enjoy service on this committee.

The general feeling was one of real pleasure that you were nominated, sir. I think you are going to do a superb job as our Secretary.

There are concerns that you have heard here today, and if I may, I will follow through on Senator Kassebaum's question on Africa.

I was in Africa last week. There was, I think, a slight toe stubbing last week. One statement put out by the Defense Department apparently was not cleared by the State Department. I hope under the new administration, that those things that inevitably do happen now and then, that that kind of thing can be avoided.

The second question that came up was aid to Savimbi. As you know, the overwhelming feeling in Africa is that aid should not be continued, though there is a recognition, as you have referred to in your statement, that there has to be some kind of reconciliation process between the Government of Angola and the UNITA forces.

But under the agreement that Chet Crocker negotiated—and he did a superb job in negotiating, I should add—under that agreement, South Africa no longer provides aid to the UNITA forces. That leaves the United States in a rather singular position, and, in the minds of some of the countries of Africa, we are the proxy for South Africa in providing assistance.

I think that leads to a very basic question that we have not really faced up to as a Congress, or that any administration has not faced up to. We have shifted from a position we once held, where we authorized the CIA—we didn't authorize it by resolution, but we knew CIA was engaged in assassinations. We have now made it clear that that is not our policy, and I think that is a step in the right direction.

Then there is another fundamental question that we have not faced up to, and that is do we provide weapons to overthrow governments we don't happen to like?

I think you have to separate it into where there is an invasion. In case of an invasion of Afghanistan, I think we not only have the right, I think we have the responsibility, to provide assistance to people resisting an invader.

But the fundamental question that is posed in Angola, that may be posed in South Africa in the near future, there are those who say we ought to be providing arms to those who want to achieve change in South Africa—the fundamental question is should we be providing arms to overthrow a government we don't like.

I would be interested in any reflection you might have on that fundamental question.

Secretary-designate Baker. Well, as you know, Senator Simon, it will be the policy of the new President, as he has expressed it in a letter to Dr. Savimbi, to continue to support Dr. Savimbi until there is national reconciliation in Angola.

I think that he, the President-elect, sees UNITA as I do, and that is as a broad-based national liberation movement that truly expresses the will of the people. It seems to me that that ought to be the test, not whether there has been an invasion, but whether you have a movement that is broad-based and national in scope and that expresses the will of the people.

Dr. Savimbi, as you know, has substantial support among many of the tribes in the general area.

I hope that answers your question. It is probably not an answer that you are pleased with, but it happens to be my view of where the President-elect is and where the policy will be in his administration.

Senator SIMON. Forgetting Angola for a moment, I would just suggest that this is a very fundamental policy decision that one of these days we have to face up.

We have never debated it in the Senate or in the House, to my knowledge, other than in country-specific terms. But I think it is more than a country-specific question. I would hope that we would take a look at that.

Then, in terms of Namibia, the original resolution, 435, called for 7,500 U.N. peacekeeping troops. We are now talking about 3,500 and there are countries in Africa who have great fear that that number is not adequate.

Has this come to your attention? Or if it has not, I would appreciate you and others in the State Department taking a look at this question.

Secretary-designate BAKER. It has not, and I will do so.

Senator SIMON. The question of sanctions came up, there is no question, you and I discussed a couple of weeks ago, South Africa is a time bomb.

And if we can achieve peaceful change there, that is in everyone's best interest. How you get that message across effectively to the Government of South Africa is a question that honorable people can differ on.

But we are in a situation now where we have sanctions that are circumvented by Japan, West Germany, Great Britain, and others. When you suggest that additional sanctions by this country are not in order, are you excluding the possibility that we would encourage movement in the direction that we have taken by other countries?

Secretary-designate BAKER. No. I do not necessarily exclude that. But I do not necessarily include it either. That will be a decision, of course, that the new President will have to make.

Senator SIMON. Well, I welcome that answer. You are not up for AID Director here, I know. But what happens in terms of AID is extremely important.

Africa at this point gets 7.2 percent of our foreign aid. It reached a high in 1985 with the Ethiopian problem of 8.9 percent. If you were to exclude Egypt from these figures, if you were to exclude Egypt from these figures, that would make it an extremely low figure.

Do you feel we ought to be maybe reexamining our allocation, our priorities, in terms of foreign aid?

Secretary-designate BAKER. Senator Simon, I think it would be a very salutory thing if the Congress would look at what has become the practice in recent years of totally eliminating the executive branch's flexibility in this area by earmarking some 98 percent, I guess it is, of one form of assistance and 94 percent of another. I do not know which is which, whether it is military or economic, which percentage.

Also, the earmarks that are used, if you are going to use earmarks I would hope that the Congress would at least look at those every year and reassess them and study them and look at them in the context of the U.S. national interests everywhere overseas.

There are some things we have done in small African countries that we will not be able to continue to do next year because of this problem. A little bit of money sometimes goes a long way in a poor African country. So, these things are problems.

I recognize political reality, but I am not sure that it is in the interest of our foreign policy to have practically no flexibility in where we can deliver assistance and to have earmarking by the Congress rather routinely each year of such significant amounts of assistance.

And by saying that I am not suggesting that any particular country be decreased or increased or anything else. What I am really saying is, to have a, to have a sensible foreign policy, you need to have some flexibility. You need it up here, and we need it downtown. And right now in this area we have very little. We jointly have very little.

Senator SIMON. I guess in theory all of us would agree with you. But we always want to make exceptions to a few countries here and there. But I would hope that we could work toward a little greater flexibility.

We have been talking about the debt question a little bit. One of the greatest things we could do for debtor nations is to get interest rates down.

That ties into your responsibilities as Secretary of the Treasury. You get interest rates down 1 percent for Mexico and you save $1 billion a year. If you get interest rates down 1 percent for Nigeria—which has slipped now into being from middle income to lower income, Nigeria's facing up to some very tough problems—you save $330 million a year.

Do you intend to take an active role within the administration in discussing, because of your background, how you move on that deficit problem?

Secretary-designate BAKER. Well, I will be involved to some extent, Senator Simon, but I will certainly not have the lead in that area, because I am going to have my hands full with the problems that come with this job.

But I expect to be a participant in discussions with the President generally speaking with respect to how we move on the deficit and that sort of thing.

Senator SIMON. Well, I think your voice is one that is respected within the administration, and I would hope that you would, you would firmly point out what this means in terms of debt to other countries.

The—Senator Dodd and Senator Boschwitz both talked about the environmental area. One of the areas where we have not done nearly what we once did, an area that ultimately could be of extreme importance, is research on finding an inexpensive way of converting salt water to fresh water, extremely important to the future of the Middle East, to North Africa, to much of the world.

When John F. Kennedy was President we moved in this area—at one press conference, incidentally, he was asked "What is the most important scientific breakthrough we could make?" and he said, "Well, you have heard me talk about getting a man to the moon, but more important than that, if we can find an inexpensive way of converting salt water to fresh water that would really help the world."

And then under President Johnson at one point we reached a point where we spent about $100 million on research. That is now down to $3 million. And this is an area where in terms of AID and other things, I think we ought to be reviewing whether we should not put in some long-term funding to do a job that needs to be done for our world. Any reflections on this?

Secretary-designate BAKER. The only reflection I would have is to say that, as best I know, Senator, only Saudi Arabia is commercially engaged in desalinization now.

I do not believe—I think the cost is very, very expensive, and whatever new technology we could develop that would make it commercially feasible to do that would be a great boon, I think, to many parts of the world.

I was struck by something that Prime Minister Ozal of Turkey said not long ago when he came through town and we had lunch with the President-elect. He is working on something he calls the peace pipeline, which you may have heard about.

I think actually it is two pipelines, from Turkey to the Middle East, to bring water to some countries of the Middle East. I do not know whether it will ever become a reality or not.

Senator SIMON. I do not know whether it will, but you look 20 years down the pike, even if we can get Israel and the Arab countries and the PLO to sit down and have an agreement today, 20 years from now we are facing some major problems in that area of the world.

Senator SIMON. I would also, in line with Senator Murkowski's—and I see I am about to run out of time. I will postpone that next question. I thank you, Mr. Secretary, and thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Simon. Senator McConnell.

Senator MCCONNELL. Thank you, Mr. Chairman. Mr. Secretary, I think you know how enthusiastic a lot of us were about your selection.

I do not think the Vice President could have picked anyone better to be Secretary of State, and I congratulate you on your nomination.

Secretary-designate BAKER. Thank you.

Senator MCCONNELL. You know, Gorbachev has done a truly remarkable thing. He has turned failure at home and failure abroad into an offensive, which has garnered him prestige at home and sympathy abroad. Truly a remarkable public relations event.

An additional ace in his hand in playing his cards with us, it seems to me, is the excess military capacity he inherited from Brezhnev's policies, which give him the opportunity to make such unilateral moves as the 500,000-troop reduction proposal at the U.N.

And I do not want to make light of that. But clearly he has the kind of excess military capacity sitting there that allows him to do that sort of thing. And of course across the free world there is a sense of euphoria about Gorbachev and the Soviets, based I am sure on the hope that they are indeed becoming something other than what they have been.

I am wondering, Mr. Secretary, if you share my view that maybe the best policy for us, for the moment, is to "wait and see," especially since they are the ones who apparently can give away a great deal without changing their basic force structure.

I am wondering if you share my view that we ought to proceed with a good deal of caution and see how far they are willing to go to dismantle what everybody feels is really excess capacity?

Secretary-designate BAKER. Well, Senator McConnell, I do think that the balance of power is complex and it is dynamic, of course, but I think the fact remains that the Soviets have a substantial advantage in many categories.

I think caution is appropriate. I am reminded of the President's saying, "trust but verify." I do not think we ought to change that. I think trust but verify is a good standard.

I think prudence in our approach, as I have indicated in my opening statement. I think realism in our approach. All of those are good ways in which I think we could describe what should be our approach.

Senator MCCONNELL. Do you share the view of many that their decline is inevitable to the extent that they move away from excessive reliance on military capability and try to restructure and compete in a world that is becoming more and more interested in commercial competition?

Secretary-designate BAKER. I am not sure I would go that far, Senator McConnell, because that would presuppose that they cannot be successful in this transformation. And I am not sure that they cannot be successful.

I do not suppose anybody really knows now the answer to that question. The People's Republic of China has made some moves recently that are rather dramatic and that so far, at least, have succeeded, with some stress.

Senator MCCONNELL. This is really a highly speculative question, I suppose—but at what point would unilateral reductions in strategic and conventional forces warrant any kind of unilateral response on our part? Or, do you think these things are better negotiated downward? I assume, by the way, they will not commit to unilateral, strategic cuts.

Secretary-designate BAKER. I would be hesitant to respond to that because it is so hypothetical. I would be hesitant to respond to that, Senator.

Senator MCCONNELL. Some of us have just returned from a conference at which a couple of participants actually declared the cold war over. Assuming for a moment that there is a thaw in relations, what is America's justification for being on the stage as the principal player?

We have been out there a long time presumably to check the Soviets. If at some point the Soviets become less of a threat to check, in your judgment, do we want to continue to be a world player?

I am talking about military power now as well as on the economic side, which I think is rather obvious. And if so, toward what end?

Secretary-designate BAKER. Well, I think it is important, as I indicated in my statement for the United States to continue to lead, both in international economics, Senator, and in foreign policy as well.

I think it is important because we are, as I indicated in my statement, we are the largest nation in the world. We have the biggest economy. We believe, at least, that we have the—that we believe in the finest principles and have the finest traditions.

And so I think it is important from that standpoint that the United States act as a tribune for democracy, that we do what we can to see this form of government, which we are fortunate enough to enjoy in this country, to see others in the world have the benefit to the extent that they want through self-determination of this form of government and this type of life. So, I think it is important for those reasons.

Senator MCCONNELL. Focusing on the Third World for a minute, we have been around it a few times this morning and this afternoon.

There seems to be some evidence that the Soviets are either abandoning or about to abandon some of their client states that are really basket cases, as they try to enhance their influence with more significant countries which may have not very good relations with some of their clients.

For example, some have suggested the Soviets might be willing to trade, say, Vietnam for the PRC. And if the price for getting along with the PRC again is to cut off Vietnam, that is a trade they might be willing to make.

Do you see any evidence that the Soviets are indeed abandoning some of their Third World clients.

Secretary-designate BAKER. I am not sure that you could say it was evidence that they are abandoning their Third World clients, but I do believe there has been some greater tendency on their part, or willingness on their part, to engage on regional issues than there was several years ago. And I think we should pick up on that.

I think, again, regional issues is one of the four areas that we deal with the Soviet Union on, and I have suggested that perhaps we consider adding a fifth, but I think we should give perhaps greater emphasis to regional issues in our discussions with the Soviets.

Senator MCCONNELL. Do you think then there is some evidence, some indication that the so-called wars of liberation, which they have fueled in the past, that that particular policy may be ending for them?

Secretary-designate BAKER. I think it is premature to make, to come to that conclusion, but we ought to watch.

I am not sure yet that the action matches the rhetoric. There is some rhetoric that would suggest that. But I think we ought to wait and see whether the action matches the rhetoric.

Senator MCCONNELL. And certainly there would be some ways close to home they could demonstrate that——

Secretary-designate BAKER. Absolutely.

Senator MCCONNELL [continuing]. That new policy if in fact that is the case.

Secretary-designate **Baker**. Absolutely.

Senator **McConnell**. We used to be——

Secretary-designate **Baker**. I think it is important in that connection to note, and you pointed it up by your last comment, that they are still funneling $1 billion, I think, a year into Nicaragua and $4 to $6 billion into Cuba.

So, that is what I mean when I say the action has not necessarily matched the rhetoric.

Senator **McConnell**. Yes. Well, that would be a place where they could demonstrate this new policy maybe is——

Secretary-designate **Baker**. That would be an excellent way to start.

Senator **McConnell**. We have been concerned in this country—at least some people have for a long time—about what has been called the Finlandization of Western Europe.

Given all that is happening in Eastern Europe now, there are some who are arguing that Eastern Europe is much more likely to be Finlandized than Western Europe, which leads me to ask you, Mr. Secretary, what kind of opportunities do you see for this administration that may not have been available in the past to explore further and develop more comprehensive relationships on a country-by-country basis with the Warsaw Pact nations?

Secretary-designate **Baker**. I think there are greater opportunities today than there were yesterday, Senator, and I think there will be greater opportunities tomorrow than there are today.

I think there is significant change underway in Eastern Europe, and I think it presents us with some real opportunities in terms of longstanding objectives of ours in that area.

Senator **McConnell**. He really appears to have his hands full, does he not?

Secretary-designate **Baker**. Yes.

Senator **McConnell**. In a lot of different ways. Some Eastern European countries coming at him from the right who do not like perestroika and glasnost, some from the left who want to go further.

Except for the military presence, he does not really own it like he used to, does——

Secretary-designate **Baker**. More and more Eastern European governments are recognizing, I think, that the Stalinist system of economic and political centralization has failed.

Senator **McConnell**. Gorbachev has used some interesting arguments with regard to Asia, the ploy a few months ago that he would be glad to dismantle his naval bases in Vietnam if we would do the same in the Philippines.

How do you respond to his argument—which I doubt he is really serious about—that maybe neither of us should be heavily engaged militarily in that section of the world?

Secretary-designate **Baker**. Well, I think I responded to that a minute ago when I answered Senator Murkowski's question about our Philippines bases by suggesting that we would not have been able to do what we did in the Persian Gulf, to assure freedom of navigation in the gulf, had we not had those bases.

Senator **McConnell**. It is pretty clear from what you said, and it also happens to be my view, that America has an important mission in the world regardless of what happens to the Soviet Union, even if they do decline. I do not think this is going to happen, but assuming they become sort of the laughingstock, their military presence is decimated, and they were unable to compete economically because they were incapable of making the kinds of changes that countries have to make to compete in trade and commerce, still, we have to worry, do we not, about rising military threats from other sources that might be a good deal less stable than even the Soviets? And there are some armies around the world——

Secretary-designate **BAKER**. Well, absolutely——

Senator **McCONNELL**. That one could argue are pretty frightening, even if the Soviets were not there.

Secretary-designate **BAKER**. That is absolutely true. And then we have the added burdens or risks that are inherent in the proliferation of missiles and chemical weapons, as I indicated in my statement.

Senator **McCONNELL**. One final question, and you have been over this a couple of times, but I am wondering what you specifically have in mind to enhance the areas of cooperation with the Soviets where our interests really are similar.

Senator Kerry was asking about the environment, certainly terrorism is an area that—where it would seem to me we have similar goals and aspirations.

Secretary-designate **BAKER**. Well, that is why I have suggested that perhaps we should have a fifth category of issues, grouping of issues that we discuss with the Soviet Union, and the fifth category would be composed of those transnational issues of drugs, terrorism, and the environment.

Because I think that those are issues that we can engage with the Soviet Union on that perhaps we can find some common ground. These are problems for the world as a whole, they are problems for the Soviets every bit as much as they are for us, most of them.

Senator **McCONNELL**. How important—I thought of one other point and then I will yield.

How important is it, in your view, that we continue to bring large numbers of youngsters over here to pursue higher education in this country?

How important a tool has that been in your judgment over the years in sending a cadre of well-educated people back around the world who at least have some sense of what America is and how it functions and——

Secretary-designate **BAKER**. I think it is very, very important, Senator, and I would encourage us to continue to do that to the maximum amount possible.

Senator **McCONNELL**. The Soviets have done some of it too. I am wondering how much it helps them?

I do not know, off the top of my head, whether they have done that more extensively than we have or not.

Secretary-designate **BAKER**. I do not know. But we have—I think it is fair to say that we have a success story that we can sell.

Senator **McCONNELL**. And it certainly appears that the sort of things that we advocate are on the march in the world, I mean virtually everywhere except maybe North Korea. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you. Senator Sanford.

Senator SANFORD. Thank you, Mr. Chairman. I join my colleagues, Mr. Secretary, in expressing pleasure that you have been nominated to be our Secretary of State. I am delighted that you will be occupying that position.

I have one or two, perhaps three questions, to add to the many you have already answered so well. I have looked around the world from time to time and listened. I wonder what the state of the State Department is, what is the condition of it? Are we letting our Embassies run down?

Are we having trouble getting foreign service officers? Are we getting enough funding to keep up the proper level of the diplomatic function of the State Department?

Secretary-designate BAKER. Senator, that is something I will be in a lot better position to answer for you after I have been there for 90 days.

As best I can tell from the briefing materials that I have been supplied, and which I have reviewed, the Department is in reasonably good shape.

We do have some funding problems, but that is not unusual in the context of the budget constraints that are facing the entire Government, I suppose. But I would really rather reserve on that, and would be delighted to respond in writing to you after I have been in office for 90 days.

Senator SANFORD. Well, may we cross paths in 90 days again.

Secretary-designate BAKER. All right, sir.

Senator SANFORD. I would like to know your general comments, your attitude, toward the United Nations and its usefulness to us and to the world?

It seems to me that, for various reasons, we have neglected to use it. Prior to, but certainly notably when our Embassy in Iran was occupied and our personnel held hostage, we did not call on that world body to protect the sanctity of Embassies, when it seems to me that the United Nations would have been an ideal forum. What do you think about its usefullness now and how do you plan to relate to it?

Secretary-designate BAKER. I think the U.N. can be an important force for resolving disputes around the world, Senator, and I think that has been demonstrated by some of the peacekeeping missions that they have dispatched, and some of the things that are going on around the world, in Cyprus, and what is going to begin taking place in Angola and Namibia, what may well end up taking place in some other sectors of the world.

I do believe that the United Nations was badly in need of reform, and I think the fact that the United States insisted on reform as a condition of continuing its 25-percent subsidization of the United Nations was important.

I think that the United Nations oftentimes becomes too politicized against the interests of the United States, and I think it is important that we speak firmly and let the U.N. know when that happens that it is not something that we appreciate or can long countenance.

There are some examples of reform taking place now, personnel cuts I think are beginning. The General Assembly has maintained a 15-percent staff reduction targets, and the Soviets are now publicly committed to allowing some of their secunded nationals to be placed on permanent contracts, which is a major policy reversal for them.

So, a lot of these things that we have been complaining about over the years are beginning to occur, and I think that is good, because I do believe that the United Nations can be a force for resolving disputes.

It gives parties a way to back off from positions that have long been held, to put a neutral force and body in there in between them and help in the resolution of disputes.

As I mentioned earlier, I do not know whether you were here or not, but the President, President Reagan, of course, has requested full funding for the U.N. this year, plus a 10-percent coverage on our arrearages.

Senator SANFORD. And you would judge that they are making progress with the kind of reforms we thought necessary?

Secretary-designate BAKER. I believe they are making some progress. I am not in a position here to tell you that I think the progress is everything it should be. But they are making progress.

Senator SANFORD. Let me shift my focus to Central America.

The five countries there have been suffering for generations, if not centuries, from poverty, disease, and lack of economic opportunity. The last 10 years has seen all of that highlighted and aggravated by the fighting that has gone on.

President Arias presented a peace plan that had great promise. But perhaps it could be stated that one nation has held that up while the other four go on suffering. Nicaragua is suffering also for a lack of action on reaching any kind of agreement.

It seems to me that our Government could support that plan with a bit more enthusiasm. It also seems to me that we have an opportunity now to help get at the basic problem that has caused the revolution and the unrest and the distress by having a kind of development plan that we have never had there before.

As you know, there is an international commission for the first time in the history of Central America that will develop a plan that originated primarily in Central America and will be, not a United States of America plan or a European plan, but a Central American plan.

Can we expect a positive approach to solving those kind of problems for Central America, positive encouragement to get the Esquipulas II agreement put in place?

Secretary-designate BAKER. Senator Sanford, recalling Senator Cranston's comment this morning on negotiations involving El Salvador, I think the starting point for those or any other negotiations is to develop with the Central American democracies a mechanism that translates the principles of the Esquipulas accords into operation.

I cited the Esquipulas accords earlier today, I think it was to Senator Dodd, as a goal for Central America. I think they contain the elements of what it is we would like to see accomplished. But what is missing is a mechanism for enforcement.

Now, I think you have to couple with that, of course, you have to address along with that the question of development. And I am aware of the Commission that you referred to that bears your name, and I am looking forward to seeing the report from that Commission.

When is it going to report? I think the first week in February. And I am sure that there will be many recommendations in there with respect to which we will agree and perhaps some with which we will not agree. But all in all I think it is a very healthy exercise and I look forward to seeing the report.

Senator SANFORD. Thank you very much. Mr. Chairman, I will yield. It is getting late in the day. I will not take my full 15 minutes.

The CHAIRMAN. I thank you very much indeed, Senator Sanford. Senator Humphrey, welcome, as I said earlier, to the committee. Welcome to you, to Senator Mack, and to Senator Robb.

Senator HUMPHREY. Thank you, Mr. Chairman. Mr. Secretary, welcome, and congratulations.

You are still a bit under the weather from the flu, I understand. You are doing magnificently under any circumstances, but to be doing as well as you are, still suffering from the flu, I think is remarkable. I hope you are feeling well.

Secretary-designate BAKER. I am doing OK, thank you.

Senator HUMPHREY. I liked a great many things you said in your opening remarks, Secretary Baker, but what I liked most of all was the strong, clear Jeffersonian statement which I will recite back to you.

You said, "I believe in freedom for the individual because it is a God-given right and the source of human creativity."

I surely hope that you will make that the touchstone, that belief the touchstone of our foreign policy. Our biggest export ought to be freedom, and toward that end I believe that President Reagan has made significant progress in a policy that has come to be dubbed "the Reagan doctrine."

For many years, of course, for generations, but particularly since the end of World War II it has been the policy of the United States to encourage those who were seeking freedom.

But really, practically speaking, until the advent of what has come to be called "the Reagan doctrine," that support was limited to moral support. But it has been transformed from purely moral support to material support under the Reagan doctrine.

Significant material support, both in terms of quantity of such material support, and the quality of such material support, and the sophistication of such material support.

Well, we all know that the Reagan administration will pass into history this Friday. My first question to you, Mr. Secretary, is will the Reagan doctrine die when the Reagan administration passes into history?

Secretary-designate BAKER. No, it will not, Senator Humphrey. The Vice President is a firm believer in the Reagan doctrine as well.

Senator HUMPHREY. I am not surprised but I am very pleased to hear that unequivocal and brief affirmative answer that the Reagan doctrine will survive under whatever name it may come to be called in the next 4 or 8 years, that the policy of providing material assistance, sophisticated and substantial material assistance to those seeking freedom against Communist oppression will continue.

I take it then that you see no conflict in the continuation, some material assistance on the one hand, and on the other the necessity of promoting an atmosphere between the United States and the Soviet Union that will better enable Mr. Gorbachev to succeed in liberalizing Soviet society and the Soviet Government. You see no conflict between those?

Secretary-designate **Baker**. I see no inherent conflict in that, Senator. These are issues that we will be addressing with the Soviets in the context of our discussions involving regional issues.

Senator **Humphrey**. I want to turn again under the umbrella of the Reagan doctrine to a case in point. I will ultimately turn to several. But first, as time permits, first, Afghanistan.

Many people are under the impression that because of all of the discussion about the Soviet withdrawal that our only objective with regard to Afghanistan is the withdrawal of Soviet forces.

In fact, that is only one of our objectives. And were that to be the extent of this situation, then many, including this Senator, would believe ultimately we have failed in our overall objectives in Afghanistan, because it is not only the withdrawal of Soviet forces we seek, but to cite from a Presidential proclamation last year, we seek as well the restoration of an independent and nonaligned Afghanistan.

And this importantly, self-determination for the Afghans, as well as a return of refugees in safety and honor. I want to cite also the Secretary of State's letter of January 17 to this Senator.

This is a letter of 1987, a copy of which I believe you have. In the highlighted paragraph the Secretary says, "our objective is a negotiated settlement consistent with U.N. resolutions, et cetera, predicated on the prompt and complete withdrawal of Soviet troops, and full self-determination for the people of Afghanistan."

A little farther down in the paragraph he said that "the United States would not participate in a settlement that does not provide for rapid and complete withdrawal, as well as a free act of self-determination."

And so I want to ask you, Mr. Secretary, as Secretary of State, would you consider United States efforts in Afghanistan a failure if all that we succeed in is the withdrawal of Soviet forces, would you consider it a failure if the Afghans are settled with a regime not of their free choosing?

Secretary-designate **Baker**. I think the way I would answer your question, rather than branding some other administration's actions a success or failure, Senator, would be to say that our goals in Afghanistan are no different, will be no different than the goals of the Reagan administration, as you have just outlined.

Senator **Humphrey**. And so a free expression of self-determination, to use Secretary Shultz's words—I think I said that was a letter from the President, that is a letter from Secretary Shultz.

Secretary-designate **Baker**. Self-determination for the Afghans is what the President himself has said.

Senator **Humphrey**. And the free act of self-determination is the phraseology Secretary Shultz uses and that will be the goal of the Bush administration?

Secretary-designate **Baker**. Well, that is up to the President.

Senator **Humphrey**. To the extent the President adopts your recommendations.

Secretary-designate **Baker**. That is right.

Senator **Humphrey**. Good. I want to read from last Friday's column in the New York Times by A.M. Rosenthal. He speaks of Yuri Voronstov, who, as you know, is the First Deputy Foreign Minister and now also the Ambassador to Afghanistan.

Rosenthal says, "Mr. Voronstov says the pullout will also depend on whether the resistance agrees to a new Afghan Government that would leave Moscow and its Kabul Communist allies a substantial degree of political power."

He continues, "The Afghan guerrillas may give in to the conditions under pressure from the United States and Pakistan. The reason being," Rosenthal says, "the United States is eager to get on with other negotiations with Moscow."

Mr. Secretary, if confirmed, as of course you will be, will you in any way pressure the Afghan resistance to include Communists in a new government in Afghanistan? I do not know if the clerk records gestures. Can you say "Yes"?

Secretary-designate **Baker**. No. You do not want me to say "Yes," do you?

Senator **Humphrey**. I want you to say what you believe.

Secretary-designate **Baker**. The answer is "No."

Senator **Humphrey**. Would you countenance any official in the State Department applying such pressure?

Secretary-designate **Baker**. No, that is not going to be our policy, assuming the President goes along with the recommendation.

Senator **Humphrey**. And on that point, in your role as advisor to the President, will you counsel against any official, not just in the State Department, but any official of the United States applying such pressure?

Secretary-designate **Baker**. Yes, because to do so then would run counter to our policy.

Senator **Humphrey**. Now, this gets a little delicate because it involves another nation, another ally, a staunch ally, a brave ally.

But what will you do if you find that Pakistan is pressuring, for her own reasons, and she has many imperatives that she does not necessarily share with us, but if Pakistan were to apply such pressure?

Secretary-designate **Baker**. Well, I do not want to answer that because it is purely hypothetical and I would have to face up to it at the time, Senator.

I just do not foresee that as being in the cards right now. But I will decline to answer it, because it is strictly hypothetical.

Senator **Humphrey**. I hope that it does not become more than that. But I understand the delicacy of your situation, and it is a sensitive question, but it is something about which I hope you will be alert in the coming months.

Now, getting back to the Soviet withdrawal, Mr. Secretary, Soviet leaders have repeatedly threatened to renege on their agreement for a complete withdrawal by February 15. In fact, just last week, First Deputy Foreign Minister Voronstov made that threat.

How gravely would you as Secretary of State view the reneging on that agreement?

Secretary-designate **Baker**. Well, let me say that we fully expect and believe that they will be gone by February 15, and we would view very seriously their failure to do so.

Senator **Humphrey**. That is the answer I have been getting from the State Department and the establishment for some time.

You are just coming into it. You are not as well versed in it as they have been. But frankly, I think the State Department has been whistling in the dark these months, saying that we are sure they are going to get out by February 15.

They now have less than a month, and I think logistically it is all but impossible to remove the remaining 50 percent of Soviet troops in the context of the now clear and apparent Soviet desire to prop up this regime in Kabul.

But I hope that I will be proven wrong. Nonetheless, I think it is well to get on the record early and at the outset of this new administration, the remarks you have just made about the seriousness with which you would view any breach of that agreement.

Foreign Minister Shevardnadze, for his part, who was in Kabul with Voronstov, apparently for 3 days just a few days ago, had this to say about continued Soviet supplies, arm supplies to the regime in Kabul. I am quoting from an Associated Press story. These are the words of Shevardnadze.

"The present regime has every opportunity to endure, and in case the war goes on," that is to say in case the resistance continues to fight the regime in Kabul, "in case the war goes on Soviet arms supplies also will be continued."

Shevardnadze was quoted as saying, in other words if the resistance continues to struggle against the regime in Kabul, which we would anticipate, then the Soviets are going to continue to provide arms.

Or another way to say it is unless the resistance gives up the struggle, the armed struggle, the Soviets will continue the flow of arms to this puppet regime.

Now, I want to turn to that letter from Secretary Shultz, a copy of which you have there. I beg your pardon. I want to go to the President's letter of April 25, 1988, a copy of which you have.

And on the first page, the last paragraph, the President says, "the cessation of military or other aid to the resistance can only occur if it is matched by the cessation of similar aid to the Kabul regime. If not, military assistance will continue."

That is a letter to me from the President on April 25, 1988. In other words, the President is saying that as long as military aid flows from Moscow to the Kabul regime, then military assistance will continue to the resistance.

I want to know what sort of policy in this regard you will be recommending to President Bush? Will it be essentially the same policy that as long as Moscow is supplying its client, we will continue to provide military assistance?

Secretary-designate **Baker**. I would see no reason why we would want to change this aspect of the Reagan administration's policy.

Senator **Humphrey**. Mr. Secretary, as you know from our discussion in my office the other day, the Senate has unanimously recommended to the State Department—it did so last year—the appointment of a special envoy to the Afghan resistance, not to any particular party but to the Afghan resistance as a sort of generic term, unanimously adopted, sponsored by the majority leader, and the Republican leader last year, unanimously adopted appointment of such an envoy who would hold the personal rank of Ambassador and who would enable us to have direct contact with the various elements of the Afghan resistance.

As an alternative to the present situation in which we have to depend upon another nation for such contacts—as an alternative the present situation in which our Ambassador to Pakistan, who is already burdened heavily with important duties, also has to discharge duties respecting our efforts in Afghanistan.

In other words, we want better management. And we proposed unanimously that we achieve that better management by the appointment of a special envoy holding the rank of Ambassador.

Now, the State Department went halfway. They appointed a special envoy, but he is subservient to the Ambassador to Pakistan, does not have real independence. It is not what we had in mind, and I think the time has come for us to have a direct contact, a high-level contact, with the Afghan resistance.

Obviously the Senate agrees and we are hopeful that under your stewardship the State Department will take to heart the guidance which the Senate has gratuitously offered in this matter.

Secretary-designate **Baker**. Senator Humphrey, I would be very pleased to look into that as soon as I take office and see what we can do.

Senator **Humphrey**. I am glad to hear that, because, you know, we have heard a lot about bipartisanship.

And by the way, the chairman of the Foreign Relations Committee agreed to the adoption of that amendment last summer. We have heard a lot about bipartisanship. And if there is one area in the realm of foreign policy where there has been the most remarkable unanimous bipartisanship across the whole philosophical spectrum, it has been with respect to our effort in Afghanistan.

We have done pretty well, but we could do a lot better with better management. And I think this would be a big step in the right direction.

The **Chairman**. Thank you very much. Senator Moynihan.

Senator **Moynihan**. Mr. Secretary, I would like to join the rest of the committee in welcoming you.

It has been suggested that it is getting late and we ought not put too much of a burden on you this afternoon. I will try to be brief.

In your very fine opening remarks, you mentioned Dean Acheson. I am sure you are familiar with his memoirs, which he called, "Present at the Creation." The title referred not to creation of the world, but to the particular world of foreign policy in which the United States found itself after World War II. That is, confronted with the Soviet Union, which was more than simply a large and aggressive and competitive power. It made a very different claim. It claimed to be the next stage in history. That its form of government was a foreordained outcome that might come a little sooner or later in the rest of the world, but that it was going to happen and there was nothing anybody could do about. The Economist's cover story this week has a nice lead which says, "It was an idea that threatened to take the 20th century by storm." And of course it is all over.

Nobody believes that anymore. It takes a while for that word to get to Maputo and Managua maybe, but it is done. Most conspicuously though, Mr. Górbachev seems to be entertaining that proposition. In his December 7, 1988, speech to the U.N., he included that remarkable passage in which he said, "We are, of course, far from claiming to be in possession of the ultimate truth." Well, that is exactly what they did claim.

Secretary-designate BAKER. Yes.

Senator MOYNIHAN. In that context, would you not see the possibility—I think your statement suggests it—that our relations with the Soviets might move back toward more conventional relations between two large countries with large interests, neither intent on the destruction of the other?

Secretary-designate BAKER. I think that is a possibility, Senator, but I do not think it is something that we ought to count on, and I do not think it is something we can afford to assume.

I cannot say that it will not happen, and if ultimately it does happen, all to the good. But we really should not at this stage, I do not think, take it for granted that that is going to be the course.

Senator MOYNIHAN. But would you agree, sir, and I think you do, that we ought to entertain a possibility that has not really been an option for the Secretary of State for the last 40 years, that they may have come to this realization?

Secretary-designate BAKER. I think there may some options and opportunities out there that have not existed for 40 years, and in this arena as well as perhaps some others.

Senator MOYNIHAN. Mr. Gorbachev may not succeed—his successor may be "Vlad the Impaler."

The Soviet Union may not be a nice country necessarily or ever, but it may be a different one in the claim it makes on the rest of the world. And that would make a difference to us in how we might respond to the sudden appearance of a "Marxist administration" in Ouagadougou or La Paz. You know, God help the poor people that did not get the word. There is always somebody who does not get the word.

There are two other points. Senator Sanford mentioned the U.N., and I certainly share your views as you described them.

On the issue of reform, the first exercise that we went through on this matter was when we sent word in 1975 to the International Labor Organization that if it kept going the way it was going, we were going to leave it.

We did not want to, but we would. Then we did leave. And when we left we said, "You know, we want to come back, but not until you have changed." And they did change, and we did come back.

Would you consider that we might go through something of the same process with UNESCO?

Secretary-designate BAKER. I think it is possible to do that with UNESCO, but we are not there yet.

Senator MOYNIHAN. We are not there yet, no.

Secretary-designate BAKER. I think it is certainly possible that we might find it in the best interest of the United States to rejoin. You cannot foreclose that possibility.

Senator MOYNIHAN. Because while we are not there, we leave it to the others who are.

Secretary-designate BAKER. That is correct.

Senator MOYNIHAN. One last thing, you have said, and I very much welcome it, relations between India and Pakistan seem to have eased.

Secretary-designate BAKER. Yes.

Senator MOYNIHAN. And you say in your statement that it is essential to improve ties with both Pakistan and India if we are to encourage this process. I would take that to mean our ties.

Secretary-designate BAKER. Yes. United States ties to both. Yes, sir, that is right.

Senator MOYNIHAN. At times our relationship with India has reached the vanishing point.

Secretary-designate BAKER. That is correct. As you know better than most, Mr. Ambassador, but they fortunately have been improving somewhat in recent years.

And with the election of a new government in Pakistan, and with the Soviet withdrawal from Afghanistan, which we hope and believe will take place on the February 15, it seems to me there is some room for an easing of tensions between India and Pakistan.

Senator MOYNIHAN. That seems to be Prime Minister Bhutto's intent, and Prime Minister Ghandi was up in Islamabad just a while ago. So, let us hope so.

You may just be the luckiest Secretary of State since John Hay.

Secretary-designate BAKER. It is better to be lucky than good, Senator.

Senator MOYNIHAN. There you are. Thank you very much.

The CHAIRMAN. Thank you, Senator Moynihan. Senator Mack.

Senator MACK. Thank you, Mr. Chairman, and first let me say thank you for your welcome, and to all my colleagues for your kindness in your expression of my joining the committee, I look forward to working with all of you.

Mr. Secretary, let me be the next to last to welcome you to the committee today. Yours was an excellent opening statement, and I look forward to working with you over the years to come.

Being a newly elected Member of the Senate, I guess it might be natural to draw on an experience during the campaign. I began my campaign on October 17, 1987. Does that date ring a bell? October 17?

Secretary-designate BAKER. October 19 or 17?

Senator MACK. That was the stock market crash.

Secretary-designate BAKER. I was thinking it was the 19th. Was it the 19th or the 17th? It was the 19th.

Senator MACK. That is right. You can imagine how I have already forgotten that great day.

Well, I just want to let you know I had nothing to do with that 500 points that the market went down with that announcement. I began the campaign there though because I wanted to make a statement about the importance of freedom, and with Key West being the southernmost point of geographical United States, continental United States, I thought that I again would be able to make a very strong statement about the importance of freedom.

It is only 90 miles from the coast of Cuba. Many people say that the Cuban people are living in peace because there is no open armed hostilities today. I would quickly add that they are not living in freedom, that peace without freedom is in fact false.

And therefore I think it is important that a policy that we have with respect to Cuba be one whose objective is in fact freedom. And I know that there are many today who are suggesting that we normalize the relations with Castro.

I would suggest that Castro should normalize his relations with Gorbachev before any further steps are suggested.

I do not believe that now is the time really to reward Castro. If anything we should be finding ways to make him change. And I would suggest that expanding Radio Marti, establishing TV Marti, tightening our economic sanctions, prosecuting those who violate those sanctions, would be suggestions that I would make, and I would be interested in your views with respect to Cuba, Castro, the ideas of normalization, and specifically with TV Marti.

Secretary-designate **Baker**. Well, with respect to normalization, Senator Mack, I think that Castro's continuing support for subversion and instability in Central America and in Chile and Colombia and other places, the internal repression that you spoke of in Cuba, and the violations of human rights that we know continue there, together with the Cuban-Soviet military relationship make it extremely difficult for us to talk about normalizing relations at this stage of the game.

As far as TV Marti is concerned, TV Marti is something that the Reagan administration supported. Vice President Bush has been a supporter of it. I would suspect that he would continue to be a supporter of it as President.

It seems to me that Radio Marti created quite a stir when it first came on-stream, but I do believe that it has made a fairly large audience there on the island acutely aware of some of the serious problems which are facing Cuba and of the fact that there is an absence of freedom on the part of the Cuban people.

So, I would tend to think that we would be supporters of TV Marti. Again, we have not been through the budget process, and I do not—I cannot tell you that it is going to be in a Bush administration budget, but I have no reason to think it will not be.

Senator **Mack**. Let me just——

Secretary-designate **Baker**. It is in the fiscal 1990 Reagan budget.

Senator **Mack**. There is a mention in the Reagan budget about TV Marti but there is not a specific recommendation for funding, and I would be hopeful that you would push that idea and request that the first Bush budget include funding for TV Marti.

Secretary-designate **Baker**. I thought that the Congress had—the Congress did appropriate some money to test it, did they not, in September 1988?

Senator **Mack**. There has been some funds made available, $7.5 million for testing. But again, in the President's proposal that he just submitted to the Congress earlier this month it does not specifically include the $16 million that USIA requested from OMB for the first phase of operations. I would again request that you pursue that, if you would.

Secretary-designate **Baker**. We will look into it.

Senator **Mack**. One last question with respect to Cuba, do you think with the bringing home—and let us assume for a moment that the 50,000 or so Cuban troops that are in Angola in fact make their way back to Cuba.

Do you think that this in any way will encourage Castro to continue or to expand his adventurism in this hemisphere?

Secretary-designate **Baker**. I am not able to answer that, Senator, because it would require me to read his mind.

But it will mean that there will be 50,000 troops there who have been otherwise occupied doing something else for quite a while. He has given us no objective indication that he is going to pull back for his support for subversion in Central America and other places.

So, it is entirely possible, I suppose, that that could happen. But I cannot say it would.

Senator **Mack**. Again, let me try one other area that does kind of touch on Cuba and Nicaragua, which you mentioned a few moments ago.

I think that Gorbachev, and I do believe that perestroika and glasnost are real, that he is trying to accomplish things and to move his country forward. The real questions we have is, will it last, how far will it go, what will it really mean.

I think his objective frankly is to obtain Western credits to fund his next 5-year plan. And it would seem to me that before we as a nation were to get into a position where we would be encouraging credits from the West that we should in fact make a statement, a strong statement about the importance of eliminating that $4 to $6 billion that is going into Cuba and the roughly $1 billion that is going into Nicaragua. I wonder if you share those feelings.

Secretary-designate **Baker**. Are you talking about subsidized credits now? What are you talking about when you say credits?

Senator **Mack**. I am just talking about credits in general, commercial loan credits——

Secretary-designate **Baker**. Normal, commercial. Well, the problem with that, Senator, and we looked at that a number of times over the course of the past 6 years, is that you cannot enforce it unless you get everybody in the boat with you.

And it is going to be almost impossible to get all of our allies in that boat if you are talking about just normal, commercial relationships. And capital controls—if you are looking at it from the standpoint of capital controls, let us say you say no United States financial institution can make a loan to a Soviet entity or the Soviet Government, you really do not accomplish anything because other countries, firms, will just pick up the slack.

Senator **Mack**. I realize the difficulty in it. I just think it is important for us to be making a statement of that kind.

We have found ourselves in foreign policy issues in the past where we are in essence the lonely voice, but we feel that it is important from our perspective to do so.

Secretary-designate **Baker**. Yes, well I do feel, I feel strongly that the question of trade and credits and a whole wide range of economic issues must be dealt with in the context of the overall United States-Soviet relationship.

And if that is what you mean I totally agree with that, recognizing that on the question of credits it is extraordinarily difficult to enforce.

Senator **Mack**. Again I realize that—just underlining the importance of our making that statement.

Secretary-designate **Baker**. Yes, sir. Sure.

Senator **Mack**. Let me move to the Middle East for a moment, and specifically with Israel.

The American people have for decades now supported Israel in their fight for survival, because we share common values. Israel also is a democracy and a strong and consistent ally of the United States.

And I see from your statement that you were proud to be part of the Reagan team that expanded our relationship with Israel into a true strategic alliance. And I am pleased frankly that you were part of that team.

But there are some very difficult issues ahead, as we move forward in trying to establish a lasting peace in the Middle East. Arafat has stated that he recognizes Israel's right to exist. He accepts U.N. Resolutions 242 and 338, indicates his rejection of terrorism. And we, United States, we have responded by meeting and holding discussions with the PLO.

Some are suggesting that the next step should be an international conference, including the Soviet Union and others outside of the region.

It seems to me, and a suggestion that I would make, is that the next step should be something less than a broad international conference of that type, and be direct discussions or negotiations between the Arab countries and Israel, that now that the PLO has made those statements that a lasting peace in the Middle East cannot be obtained without the other Arab countries in fact recognizing the right of Israel to exist.

And therefore I would suggest that maybe what we need to be doing is through diplomatic ways pressuring the Arab countries to move toward that recognition of Israel. I would be interested in your reaction to that.

Secretary-designate **Baker**. I do not see any problem as far as the United States is concerned in using its diplomacy to encourage Arab nations to recognize Israel's right to exist. I quite agree with you, I think that is quite appropriate and something that we should do.

I believe that some of those countries will take the position that they have already recognized Israel's right to exist by their acceptance of 242 and 338. And some people will argue that the two are not the same.

But I do not think that there is anything wrong at all, Senator, with the suggestion that you have made. And I would be glad to look into that and will look into it to see if it should become more a part of our policy.

Senator **Mack**. Let me move again back to Central America. I was in Miami, FL, this past weekend, and I am sure you probably saw the problems that were developing in Miami with respect to the immigration of Nicaraguans as they make their way up to Texas and from Texas to Florida.

I went out to the baseball stadium where some 263 of the Nicaraguans were being temporarily housed, and just within a matter of days that facility will be closed down, the city will have to once again respond, try to find a place to house these folks.

I guess I really was not ready for the emotional impact of meeting 263 people whose message was the same as the 2,000 Contras that I had the opportunity to meet with down in Honduras, the determination for freedom.

In fact, the spokesman said that while many people want to imply that the reason that they have come to the United States was for economic reasons, the reality is that they came here because of their desire for freedom.

And I would like to have one more comment. What has happened is that, regardless of getting into a debate about whose policy may have created this, there are in fact somewhere between 80,000 and 100,000 Nicaraguans in the Miami area already.

And there is a great deal of fear about thousands and thousands of others coming through Texas into Florida, and I would like to hear your views on what needs to be done, what policies need to be followed with respect to Nicaragua, Central America, to stem this flow of folks from Nicaragua into the United States?

Secretary-designate **BAKER**. Well, we have got to get our act together up here, Senator. We have got to get together on a policy that is bipartisan and that is equally embraced by the legislative and executive branches of the Government so that we can come up with something that works.

Because without seeking to put blame anywhere or anything else, the policy that we have pursued before has not worked because we have not had a unified United States behind it. And frankly, it is my view that if we come up with a policy that we can embrace on a bipartisan basis and legislative and executive together, that alone will give us the latitude to do some things down there that need to be done through diplomacy and negotiation in the context of the Esquipulas accords.

So, that is the direction in which I would like to proceed. I think I visited with almost everybody on this committee to that effect, and I will be continuing those efforts in the days and weeks to come, and I really hope that we can come together with a policy that will help us address the very serious problems you have just pointed out.

Senator **MACK**. One last point and then I will yield back my time. I just—I commend you for that approach, and I am confident that that is the direction and the commitment that you will make to try and carry out that objective.

But I would just strongly urge that it takes more than just bipartisan support to change the situation in Central America, specifically within Nicaragua. The policy that we have got to adopt in a bipartisan way is that in fact our objective is to give the people of Nicaragua the opportunity to live in freedom. And when that occurs, then I think we can effectively stop the flow of Nicaraguans into the United States.

Secretary-designate BAKER. Well, that, I think, is the goal of our present policy, the ultimate goal of our present policy. And it should be the ultimate goal of our new policy.

Senator MACK. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you very much. Before turning to Senator Robb, I would say it is the intention of the Chair that at the conclusion of Senator Robb's questions to then start the second round where the time will be 10 minutes instead of 15.

We can get started a little bit so that when we meet again tomorrow at 10 o'clock there will be the opportunity of wrapping up tomorrow and staying in tomorrow as late as is necessary, so that we can wind up the hearing.

And we will vote probably at about 10:30 on Thursday. That is the objective of the Chair. I hope we can achieve it.

Senator DODD. Mr. Chairman.

The CHAIRMAN. Senator Dodd.

Senator DODD. This will be at about 5 o'clock. We have the Secretary with a cold. Maybe we could start tomorrow morning after Senator Robb finishes his round.

The CHAIRMAN. Well, I had asked the Secretary to dispose himself toward us. And perhaps after my questions, and Senator Helms' second round of questions, then we can wrap up. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman. First of all, let me say that I am delighted to be able to join you on this committee.

I think I, and perhaps Senator Mack, and others, have learned something about the rich diversity of the committee today, and their interests. The Secretary-designate, I am sure, will be pleased to note that I have no particular litmus test to pursue at this time.

I come at the equation, the foreign policy equation, with something of an executive bias, not only in terms of my past experience, none of it in the legislative branch, but feeling that the discussion earlier about the piano player and what have you is important.

I am pleased that there has been virtually universal praise for something that would move in the direction of bipartisanship. One very brief question in this area, you mentioned something about a letter from Senator Danforth that I have not seen myself.

But what could we do to institutionalize this consultation that I think is critical in those instances where, unlike today, the feeling of unanimity is not as evident in some of the areas that have been hinted at through some of the questions that have been addressed to you in a very polite way, and I think the feeling that we want to proceed on the basis that you have instituted this whole process.

Is there anything that we can do to institutionalize it, to force us, so that we do not come to the—and just one concern that I have, and I think I have mentioned it to you privately, is meeting with a number of leaders of foreign countries and others, particularly in Central America, but in other parts of the world, the question was raised too often, it seemed to me, who speaks for the United States? Whom can we trust, in effect?

Very troubling, and I was wondering if you had anything more in terms of how we might institutionalize that process.

Secretary-designate BAKER. Well, one of the things that the letter indicated was that if the executive branch could improve its consultative practices, perhaps the legislative branch could improve its practice of kibitzing.

And I think in terms of institutionalizing it, Senator, the best—the only thing I know to do is to start working it and making it work. I do not think that we can write agreements or write rules or anything like that.

But I do believe that we can spend a lot more time together—as I said in my statement, it is our very real hope that we can be together on the takeoff and the landing, because after all we are a government of shared power.

And it does not do us as a nation a bit of good when we are sitting here pulling and tugging on something the way we have pulled and tugged on this Central America thing over the course of the past 2 to 3 years because we end up ultimately with a policy that nobody is happy with, because it is a policy that does not work.

So, that is just a longwinded way of not answering your question about how we can institutionalize it, although perhaps Senator Boschwitz, Senator Danforth, Senator Boren, and some of the others who signed that letter would have some ideas. We would certainly be receptive to any ideas anybody has.

Senator ROBB. Sir, I certainly share your hope on that. One quick question, one of the difficulties that I have quickly learned about being the last in seniority and having an opportunity to hear all the rest of the questions, you have many opportunities to revise the questions that we might ask.

Under the circumstances, I do not want to bring Central America through the whole process again. But looking at a broader question, can you give us some philosophical insight, beyond Esquipulas II which I support wholeheartedly and hope as you do that it works, although I must confess to you that I have great doubts at this point that there is the kind of will or commitment that we need to make it work. But we still ought to be for it.

What ought the United States role to be in, in Central America in particular? We do not have a very good history, and our joint service, the U.S. Marine Corps, has a number of common points that are not normally part of what we regale the folks with in terms of the good deeds that we have done.

So, I may be a little overly sensitive in this area. But I think it is clear that there is an expectation by all parties who wish us well, or who wish us otherwise, that whether we are on their side or the other side, that at some point we will intervene in their affairs.

Is there any insight into what kind of role the United States ought to play in this region? What limits of intervention we ought to think about in a philosophical sense?

Secretary-designate BAKER. I think we ought to do what we can to dissuade them from the view that we will, under any and all circumstances, intervene.

At the same time, I do not think that we should ever say "never," for the reason that a responsible foreign policy depends upon a nation's ability to reasonably and responsibly project power when it has to do so in its national interest, or in the interest of some country with which it is allied.

It seems to me that there is no question about the fact that Central America is a vital interest of the United States. That is not debated.

It seems to me that the United States should be supportive of those governments in the region that the United States should work to promote freedom and opportunity and pluralism and respect for human rights in every one of those Central American countries. That is beyond the Esquipulas II accords.

What I would, off the top of my head, define as the appropriate role for the United States in Central America, we should be diligent in trying to overcome the U.S. Marine Corps history to which you allude.

Senator **Robb**. Mr. Secretary, I share your hope in that area.

In another area, where the application of the Reagan doctrine, has presented conflict from time to time, certainly is in southern Africa. I think there is universal condemnation of apartheid by virtually all players in the debate, but considerable uncertainty as to the appropriateness of additional sanctions or how well sanctions have worked.

I happen to believe that without some pressure on our allies and trading partners for multilateral approaches in the area, that any contingent unilateral action, I think it essentially tracks the views that you have already stated.

Could you give any insight as to how we might, or if we are willing to exert particular pressure on trading partners, allies, and others, that could have more of an effect in terms of the prosecution of U.S. policy in that area, specifically bringing it in to the apartheid form of government.

Secretary-designate **Baker**. Well, I really cannot right now, Senator Robb. I am not sure that economic sanctions will work, even if we were able to broaden the roster of sanctioning countries, for the reasons that I outlined in my earlier answers.

Whether or not we are able to—whether or not there are other countries that would want to participate, whether or not there are other countries that might be persuaded to join in sanctions, and whether or not it is something we would want to do, are all matters that will have to be determined after we take office.

Senator **Robb**. I guess my concern—I will not pursue it at this point—is that much of the decline in bilateral trade and what have you has been picked up in other areas, including people or countries with which we had a pretty close relationship and with when we were presumed to have a certain amount of influence.

Secretary-designate **Baker**. This is the history of economic sanctions. It happens all the time.

Senator **Robb**. Let me move to one other area that was not covered specifically with respect to terrorism, and ask you another basic philosophical question.

That has to do with the precise point that force can be used to prevent countries and terrorist organizations from acquiring weapons of mass destruction and the means to deliver them.

In other words, is there anything that you could share with us with respect to preemption, which is obviously a matter of concern in a particular North African country today, that would be useful in understanding what kinds of lines we might draw in the foreign policy area, with respect to the application of force or preemptive use of force.

Secretary-designate **Baker**. To deny chemical weapons, for instance?

Senator **Robb**. Chemical weapons or the ability to deliver those weapons.

Secretary-designate **Baker**. No, sir, beyond saying that I think the policy of the United States is that under certain circumstances the use of force in situations like that is not inappropriate.

Senator **Robb**. Moving to the Mideast for just a minute, that has been pretty well covered, but there are a couple of questions that I do not think were specifically addressed, one having to do with what would be the appropriate role of the Soviet Union with respect to any negotiations in that area?

If you did cover it in your statement, forgive me for missing it.

Secretary-designate **Baker**. Well, if there were an international conference, presumably the Soviet Union would be in attendance. Again, any international conference would have to be properly structured, and must be something that would lead to direct negotiations, because it is only direct negotiations that are going to solve the problem ultimately.

We do not oppose a Soviet role, but we want a constructive approach that would emphasize practical steps and not simply slogans. An approach, if you will, that shows that the Soviets are interested in a process that can lead somewhere and not one that is just an end in and of itself.

I would think, Senator Robb, that there are some signs of such an approach that the Soviet Union could send. One of those might be restoring relations with Israel. Another, of course, would be continued Jewish immigration. They are doing pretty well on that now, so much better than they were before.

Another might be for the Soviet Union to stop supporting those who oppose peace, for instance a state like Libya. These are all signs I think that they could send that if they were to have a role in the Middle East peace process it would be a responsible role.

Senator **Robb**. One other niche-filling question. In the Mideast I guess they are all sensitive more in a philosophical sense. Any comment on a relationship between arms sales and the peace process generally, what kinds of constraints that we might hope to achieve in that area?

Secretary-designate **Baker**. No, no comment on the relationship generally, Senator. Arms sales is another area, I think, where there is room for great improvement in the relationship between the executive and the legislative branch. I think it is fair for you to expect the executive branch to give you better notice of pending arms sales, but it is fair for us in the executive branch to expect you not to foreclose or preclude the fact, the possibility of a sale before we have a chance to make our case to you by going out and getting 70 signatures on a letter.

If we do consult in advance, that is usually what happens to us. So, we need to work this issue as well because there are some situations and instances where sales of arms to some countries make good sense, where it is in the national interest not just of the

United States but of countries in the Persian Gulf and Israel as well.

Senator ROBB. One final question, if I may, Mr. Secretary. I was one of several of those Members of this particular body that attended a conference on United States-Soviet relations and had an opportunity to review the book "Global Rivals" and some of the things. Sewerlin Bialer was among those scholars who was present and talking about the possible end to the cold war that Senator McConnell mentioned a little bit earlier.

Is there a possibility at this point, if we accept the limitations or the virtual abandonment, de facto, of the Brezhnev doctrine that the United States would push for any formal repeal. I realize it was never codified in a sense, but something that would give us any reason to believe that a permanent change had been made in that relationship.

Secretary-designate BAKER. I am not aware of any consideration being given to that. Let me say in that regard, as I indicated earlier, we think that actions speak louder than words in any event, and if it is going to happen we will know it through the actions and we will not need the words.

Senator ROBB. Thank you, Mr. Secretary. Mr. Chairman, given the lateness of the hour I would yield back any time that I have remaining.

The CHAIRMAN. Thank you very much indeed. We have now completed our first round of questions. We go to 10 minutes now. I would suggest we desist about 5:30 p.m. I promised Senator Murkowski that he could have half of my time. Would you go ahead with your 5 minutes?

Senator MURKOWSKI. Thank you very much, Mr. Chairman. I very much appreciate you giving me 5 minutes.

Mr. Secretary, the issue of foreign investment in the United States is one that is receiving more and more consideration by Members of Congress and, of course, we all know that we are very much dependent on foreign investment in the United States for many considerations, including the financing of our deficit.

We also know, Mr. Secretary, that money finds the highest return with the least risk, and the United States provides that type of a sanctuary, and that is in our best interests and the best interests of foreigners who invest in the United States.

However, I would like your views on an issue that I consider of growing concern, and that is foreign investment in the United States is actually controlled and manipulated by foreign governments. We have seen, for example, a recent situation with regard to the Government of Great Britain and the Kuwaiti National Oil Co. where over a period of time the Kuwaiti National Oil Co. acquired about 21 percent of the common stock of British Petroleum.

It is my understanding that the Board of Monopolies in Great Britain has ruled that that was not in the national energy security interest of Great Britain, that that holding, which was a government-held oil company, was contrary to the security interests of Great Britain. As a consequence, the requirement was that they dispose of that stock down to about 9 percent from 21 percent, and it is my understanding that that process is occurring now.

As we reflect on foreign investment in the United States, we are aware that there is some participation by foreign governments. Would you agree that it is very difficult to accurately assess the information capabilities we have to distinguish foreign investment from the private sector as opposed to foreign investment by governments through the private sector, but the fact that those governments themselves are the controlling factor, and do you believe that we should have some capability to determine factually just who the owners are, if indeed we suspect that they are other than the private foreign sector?

Secretary-designate **Baker**. Senator, I think we have that now. I think we probably had it before, but if we did not, we sure have it under the new trade bill, with the Exon-Florio provision that provides for that in instances where the national security is impacted.

I frankly do not worry a lot about investment in this country by foreign entities, be they governments or individuals or corporations because I frankly believe that our openness to foreign investment has been the economic trump card of this country for over 200 years. It is one of the reasons that we have had the best economy in the world for a long, long time.

As you pointed out, foreign investment creates jobs and it creates output and it creates technology, and you start restricting it and you are going to see interest rates go up and a whole host of other things happen that we do not want to have happen.

So, I believe that we already have the necessary provisions to protect the national security against investments, whether they be by foreign governments or just foreigners in general.

Senator **Murkowski**. Well, it is my understanding that it is very difficult to obtain accurate information on that differentiating point of whether the foreign government participation is indeed a considerable participant with the foreign private sector.

Now in the energy industry, for example, is it in the national energy interest of our Nation to have a significant portion of our refining capacity controlled by foreign interests that indeed may have foreign government control that perhaps are Mideastern interests that have substantial oil ownership that could dictate a monopolistic situation?

Secretary-designate **Baker**. There is a provision, as I understand it, in the new trade bill, as well as some in prior law, that permits an investigation to go forward in situations like that to make a determination about whether the national security would be adversely affected.

Now whether you can get to the underlying ownership or whether you just come up with a corporate name from country X, I cannot answer that part for you, but I do know we have provisions designed to protect the national security.

Senator **Murkowski**. Well, let me go one step further. Let us assume for a moment—and my time is about up—that we have a foreign government-controlled financing arrangement which is so attractive that it obviously precludes a competitive participation from a U.S. corporation in a project. I think we have all seen evidence on certain occasions where governments participate with the private sector to determine the market share that is very difficult for our private sector to compete with because we do not allow that linkage.

We have got antitrust laws that prohibit it. A foreign trading company, for example, can be involved in production, transportation, advertising, and goodness knows what. And we are limited. I am concerned with how we maintain an international competitiveness when we cannot carry the same linkage that is taken for granted by a holding company, not a holding company but a trading company.

Secretary-designate **Baker**. You know, in 1987 we sent a package of competitiveness improvements to the Hill, the President's competitiveness package. One of the provisions in there or suggestions was that we take a look at our antitrust laws for just that reason, because you may decide you may not want to change them at all, but Congress ought to take a look at them because they do impact upon our competitiveness.

Senator **Murkowski**. Well, I appreciate your interest and reassurances in those particular areas.

The **Chairman**. My time has expired, I am afraid.

Senator Helms.

Senator **Helms**. Mr. Secretary, I know you noticed that you heard a divergency of views about Central America and you will continue to hear that. But there is one thing missing in all of the declarations about what we should do. To my knowledge, the Monroe Doctrine has not been revoked. It has not been repealed. It has not been repudiated by any sane politician. They go home and say they believe in it. And yet this Congress has really sold the freedom fighters down the river.

But let me move on to something else. Ever since 1981, I believe, the Legal Advisor's office down at the State Department has been meeting with Soviet officials in Moscow and in Washington to discuss the issue of the United States-Soviet boundary in the Pacific. Now the boundary was not defined by the Alaska Purchase of 1867, I believe.

The United States discovered and took possession of Wrangel Island, and four other islands north of Siberia between 1878 and 1881 during official U.S. Government expeditions. Now if these islands are in fact ceded to the Soviet Union it will have a dramatic impact upon the United States outer continental maritime shelf, exclusive economic zones, and fishery conservation zones. We would lose half of our area on the outer Continental Shelf.

Now since we are dealing with national boundaries here and not just maritime boundaries, are you prepared to assure the committee that any agreement surrendering U.S. sovereignty and territory in these islands will be submitted to the Senate in treaty form for a resolution of approval rather than being completed as an executive agreement?

Secretary-designate **Baker**. Senator, I will have to get back to you on that. I will take a look. I am not familiar with what the planning is with respect to those negotiations and discussions, whether they are planning to do it as a treaty or an agreement or what. But I will take a look at it.

Let me say this. I have been briefed on the question of Wrangel and Henrietta and Jeanette Islands, I think they are. I have been told that these islands north of the Siberian mainland are really not ours to cede sovereignty over. While U.S. citizens were involved in the discovery of several of them, the U.S. Government never formally asserted title to them.

But beyond saying that, let me just say that all of this is the subject of an ongoing negotiation and probably would not be appropriate for me to comment further, except to say that I will look at your request for assurance and I will get back to you within a few weeks after I am confirmed.

Senator **Helms**. Fair enough. Mr. Secretary, that is fair enough, and what you have said emphasizes the need for exploration and discussion by the Congress or by the Senate.

Let me go on to the PLO for just a little bit. Since 1968, the PLO has been responsible for the deaths of dozens of American citizens, innocent ones, and in its discussions with the PLO has, to your knowledge, the State Department ever raised the issue of obtaining compensation from the PLO for the families of its American victims?

Secretary-designate **Baker**. Not to the best of my knowledge, but again I believe there has only been one meeting that has been held since the determination was made that there could be discussions.

Senator **Helms**. I know there has been only one formal meeting. I just wondered if——

Secretary-designate **Baker**. There may well have been some informal requests for compensation that I am not aware of. I will check that and let you know.

Senator **Helms**. Well, while you are doing that, would you check and see what priority the Bush administration will place on obtaining compensation from the PLO?

Secretary-designate **Baker**. I will do that, too.

Senator **Helms**. A lot of people want to know that. Before anybody says a word, you recall that the President of the United States-extant has said that we are going to compensate for the plane that was shot down. He voluntarily said that.

Now, congressionally mandated U.S. policy has been that before the United States could initiate talks with the PLO the PLO would have to meet three tests, one of which required a renunciation of terrorism. Now can this requirement be satisfied by just rhetoric or should, in your judgment, we require that the PLO renounce terrorism in both words and in practice?

Secretary-designate **Baker**. Well, it is going to have to be done in both. As I indicated in answer to an earlier question, one of the subjects which it would be appropriate to discuss with the PLO in our discussions with them is their abstinence from terrorism.

Senator **Helms**. So, it is fair to conclude from what you say, then, that the next time the PLO or one of its factions either threatens or carries out terrorism, the administration would move to terminate talks with the PLO. Is that a fair statement?

Secretary-designate **Baker**. Well, I think we would have to look at the circumstances, Senator. I am not sure the PLO can or pretends to be able to control everything that goes on over there or, for that matter, even perhaps some of the dissident factions. I think it is a case of judging their compliance with their renunciation of terrorism in looking at the whole picture and judging it in good faith.

We certainly expect to see actions and not words.

Senator **Helms**. Moving on quickly because I want to get you home so you can treat that case of flu you have. Incidentally, you have done beautifully today, feeling bad as you must have felt.

Secretary-designate **Baker**. Thank you, sir.

Senator **Helms**. Qadhafi's Mig-23 aircraft are obviously capable of dropping chemical weapons on Cairo.

Secretary-designate **Baker**. On what, Senator?

Senator **Helms**. On Cairo, Egypt. With air-to-air refueling capability, Qadhafi could obviously drop chemical weapons on Israel. Now, do you have in your mind that you are going to look into and report back to this committee on the reports that a German company is now helping Qadhafi obtain air-to-air refueling capability for his aircraft?

I think it is essential that we have some information on that.

Secretary-designate **Baker**. I will be glad to look into that, Senator.

Senator **Helms**. And report to us?

Secretary-designate **Baker**. And report to you.

Senator **Helms**. Now last year the United States discovered that Red China was supplying Saudi Arabia with chemical weapons-capable INF missiles. Now is there any reason—maybe it is too early for you to know—but is there any reason to believe that China may also provide Qadhafi or, for that matter, Syria, Iran, or Iraq with missiles of a range greater than 500 kilometers capable of delivering chemical weapons against either Egypt or Israel?

Secretary-designate **Baker**. I have no reason to know that, but that should not be taken to mean that it has not happened or is not capable of happening. Again, let me check into that for you, Senator.

Senator **Helms**. I understand. You have people here and I know they will take notes on things that I am asking. I do not want to overload the circuit.

Last fall during debate on the House floor one of the Members of Congress suggested that the administration had secured a commitment from China that it would not supply intermediate-range missiles to the Middle Eastern countries. As a matter of fact, do we have any kind of commitment from China that it will not supply missiles of a range greater than 500 kilometers to Libya? Do you know anything about that?

Secretary-designate **Baker**. Senator, I am familiar from my prior Government service of some discussions that were held with the People's Republic of China concerning these matters, but it was all very highly classified, so maybe I would respond to you in writing later on.

Senator **Helms**. That will be fine. And if you will also include Syria, Iraq, Iran, and Saudi Arabia.

Secretary-designate **Baker**. Fine.

Senator **Helms**. I see that yellow light is on. I hope you feel better tomorrow morning.

Secretary-designate **Baker**. Thank you, sir.

Senator MURKOWSKI. Senator Helms, would you yield for just a point? As a defender of Alaska's land mass, I am somewhat involved in the question of Wrangel Island, Henrietta, and the other islands. And I can assure you and I would be happy to brief you and your staff further on the matter. Unfortunately, the records show that we did not choose to make a claim, for whatever reason I have yet to unearth.

But that seems to be the factual information.

Senator HELMS. Which record?

Senator MURKOWSKI. I would be happy to look at any record because, you know, we are twice the size of Texas now and we would be happy to be three or four times the size.

Thank you, Mr. Secretary.

Senator HELMS. It is sort of like Mr. Dooley once said about what he called the "Demicrat Party." He said, they done fell out among themselves. So, we will have to talk about this.

The CHAIRMAN. Two more questions and then we will wind up. Senator Robb.

Senator ROBB. Thank you, but I will defer.

The CHAIRMAN. Senator Kassebaum.

Senator KASSEBAUM. No more.

The CHAIRMAN. Well, then I will say thank you for your courtesy, and we will wrap up. I will ask that the staff make note that tomorrow it is our intention to keep going as late as necessary in order to arrive at point where we can vote the following day.

The committee will recess until 10 o'clock tomorrow.

[Whereupon, at 5:15 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, January 18, 1989.]

NOMINATION OF JAMES A. BAKER III

WEDNESDAY, JANUARY 18, 1989

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 10 a.m. in Room SH-216, Hart Senate Office Building, the Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Robb, Helms, Lugar, Kassebaum, Boschwitz, Pressler, Murkowski, Humphrey, and Mack.

The CHAIRMAN. The Committee on Foreign Relations will come to order. The ranking minority member and I are the only ones here to ask questions.

Senator HELMS. You go ahead, Mr. Chairman.

The CHAIRMAN. Thank you very much.

A couple of points. I want to say how glad I am that you are going to leave the Assistant Secretary for Oceans, Environment, and Scientific Affairs as the point man for environmental discussions within the Department. This Bureau was set by separate legislation, my legislation, and I believe it has not been used to the extent that it should be. And this particular Bureau, with the expert knowledge that is there and the support of the Secretary, is in a very good position to take the lead in these battles, just as it is also charged to take the lead with regard to the Law of the Sea matters, with which I hope we will be seized before too long.

In connection with the Peaceful Nuclear Explosions Treaty and the Threshold Test Ban Treaty, what are your plans with regard to recommending ratification of those? As you know, they have been ready to go for some time now, and it would seem to me it is time we moved on them.

STATEMENT OF HON. JAMES A. BAKER III, OF TEXAS, TO BE SECRETARY OF STATE

Secretary-designate BAKER. Mr. Chairman, it is our thought that the two should be submitted, jointly if possible. And as you know, as you just stated, they are close to being ready.

We have completed the verification protocol for the Peaceful Nuclear Explosions Treaty and are working with the verification protocol for the Threshold Test Ban Treaty. As soon as we complete the latter, it would be my thought that we would submit the two treaties to the Senate for ratification.

The CHAIRMAN. Would you agree that the verification problems are pretty well resolved and you could move right ahead?

Secretary-designate **Baker**. We have made very good progress. In fact, I think they are completely resolved with respect to the Peaceful Nuclear Explosions Treaty, and we have made very good progress on the Threshold Test Ban Treaty, very close to being ready.

The **Chairman**. Good. So without pinning you down too specifically, do you see us having those within a month or so?

Secretary-designate **Baker**. I cannot answer that, Mr. Chairman. I am sorry. I would be afraid to put a date on it because I do not know specifically what is left with respect to the verification protocol on the Threshold Test Ban Treaty. I just know there is still some work to be done.

The **Chairman**. In connection with human rights, what would be the policy of the administration? As you know, in the past there has been a differentiation between authoritarian countries that liked us and those that did not like us, or those whose governments were more parallel to our own and those that were not.

What would be your policy in regard to human rights around the world?

Secretary-designate **Baker**. Well, I think it should be the policy of the United States to insist upon our standards of full compliance with the norms of human rights, whether they be governments of the left or of the right, as I said in my testimony yesterday.

And human rights is a very important cornerstone of our foreign policy, has become more and more important over the course of the years, and will remain an important cornerstone.

The **Chairman**. Thank you. In connection with Taiwan, do you expect any change in our policy toward that country, and will we remain firm in retaining our commitments under the Taiwan Relations Act for the security of Taiwan?

Secretary-designate **Baker**. The answer, Mr. Chairman, is "No, I would not expect any changes." And so the answer to the first question is "No"; and the answer to the second question is "Yes."

The **Chairman**. Thank you very much, and I appreciate your brevity and I will try to make my questions equally brief.

We are having a problem, as you know, with regard to refugees, the boat people. And it looks as if we are going to have to take away numbers from the Russian refugees, either Jewish or Armenians who are coming in here, to satisfy the boat people, or take away numbers from the boat people to satisfy the increase in Russian immigration.

Has any thought been given to enlarging the quota as a whole?

Secretary-designate **Baker**. Well, I think we have to examine that, Mr. Chairman. No decision has obviously been made. But again, as I think I alluded to yesterday, there are problems in this area. There are problems of quotas and there are problems of funding and financing.

So, we are going to have to look at both the question of increasing quotas and the question of increasing dollars.

The **Chairman**. There are some cruel choices being made now, though. There are people who think they are going to get in on the boat and then find that they cannot.

Secretary-designate **Baker**. We are having some problems also, as you well know, with first asylum countries who are being besieged with refugees. And this is an area that I think is going to occupy a fair amount of our time and attention.

The CHAIRMAN. We understand that.

And finally, when we go to important key negotiations, I have often felt that there should be an in-house psychiatrist who helps you in your approaches to the adversary of the moment. I am just curious what your thinking was on that.

As you may know, this committee held some hearings about 20 years ago under my predecessor Bill Fulbright, and I have been struck by the importance of coming to a negotiation at the right time, when the climate is set properly. And I think a psychiatrist on your staff would help.

What is your thought on that?

Secretary-designate BAKER. Well, I really have not given a lot of thought to the question of full-time staffing in that regard. As you are well aware, we have access to important psychiatric profile information which is available to us and which is utilized by people in the Department, both in advance of negotiations and just in the ordinary conduct of the Department's business.

The CHAIRMAN. I just encourage the maximum use possible.

That exhausts my questions. Senator Helms.

Senator HELMS. Thank you, Mr. Chairman.

How long do you propose?

The CHAIRMAN. Ten minutes.

Senator HELMS. Ten minutes. I do not think I will do that, because I had a little time yesterday. I will ask one question and then let the other Senators who have not gone on the second round.

Mr. Secretary, Jim, last year about this time we were proceeding with spending a lot of time on the INF Treaty right in this room. Now, I am not going to revisit that process, but I do want to mention one troubling aspect. And I know you had nothing to do with it up until now, but you will after Friday.

During the consideration of the INF Treaty, the State Department and others sat right there and over and over again they pooh-poohed any suggestion that the verification might not work. It bordered on arrogance a time or two.

But in any case, they said that the verification procedures were "unprecedented"—I remember how they rolled that word off—and that the verification procedures were central to why the treaty should be verified. And one of the provisions of the treaty that was most discussed during the consideration of it was that the United States was to have the right to x-ray in order to monitor all treaty-limited items emerging from the Votkinsk factory door.

Now, this was to guarantee, for example, that no prohibited SS-20's could be or would be concealed within SS-25 cannisters leaving Votkinsk.

Now, up to this time the Soviets have very arrogantly refused to allow the United States to install that x-ray equipment at the factory, despite the explicit terms of the treaty that this was to have been achieved more than 6 weeks ago, to be specific December 1.

Now, I have just rechecked this morning. The x-ray equipment has been ready to go. I do not know where it is, but it is not in the Soviet Union, because they have not at least reports even allowed it to come in, let alone be installed.

And I say again that we were told that this was one of the most important features of the treaty during the deliberations last year. Yet the Soviets continue to refuse to comply with it.

And I might add that this is in addition to five other violations cited by President Reagan recently.

My question is, do you have any idea when we can expect the Soviets to come into compliance with the treaty?

Secretary-designate BAKER. Well, Senator Helms, all I can do is agree to take a specific look at that particular violation, which I will be glad to do. This is the first I have heard of it.

I had been informed in the course of briefings for this hearing that instances of Soviet noncompliance with the treaty which we have raised with the Soviets have been resolved to our satisfaction or are in the process of resolution.

I mean, that's what I have been told by the Department. I will be interested to check into it and I will pledge to do so.

Senator HELMS. Well, I thank you. That is all I can ask.

Secretary-designate BAKER. Sure.

Senator HELMS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Simon.

Senator SIMON. Thank you very much.

Mr. Secretary, yesterday Senator Murkowski raised the question about a couple of our bases, and I pass this along simply as a suggestion. We have basically the identical commitments that we had 30, 35 years ago. At that point we were 40 percent of the world's economy. Today we are 20 percent of the world's economy.

It does seem to me that at some point the Secretary of Defense and others responsible for the Nation's foreign policy might very well sit down and review what is essential and what is not essential. I do not know if you have any reaction to that.

Secretary-designate BAKER. I think that that is quite appropriate, Senator Simon, and I believe that that will be done as part of the new administration coming into office. I recall instances in 1981 when we took a look at situations like that or took a look at questions like that. And I think it would be appropriate for a new administration coming in some 7 years later to do exactly the same thing.

Of course, we concluded at the time, back in 1981, that the U.S. interests abroad required that we continue our base commitments around the world. I am sure this will be one of the things that the President-elect will want the Defense Department particularly to take a closer look at.

Senator SIMON. And it does seem to me, if we have reduced domestic bases, and we have done that, I think it is appropriate also to say, let us take a look at maybe areas where others can assume greater responsibilities abroad.

One of the areas that is important as I visit developing nations is the whole area of family planning. Now, there is a clear understanding that none of our funds can be used for abortion because of the sensitivity of that issue within our country and in other countries.

But continued assistance in the area of family planning seems to me to be a policy that I would hope we would continue. And I would hope that would be your inclination also.

Secretary-designate **Baker**. I do not see any reason why we would be, at least why now, we would be seeking to depart from what has been the administration's policies in this regard.

Senator **Simon**. And that is all I need to know.

The Middle East came up yesterday for discussion and I welcomed your strong indication of support for Israel, your support for moving on the peace process. I guess the one admonition I might give, and this is our chance to load you down with advice here, is that the peace process is not being helped by time, but positions get to be hardened, and that it will take aggressive leadership on the part of this country.

And I think this country is the only country that can be the catalyst to bring about a movement there in the Middle East. And I would hope that you would have an inner commitment to moving fairly aggressively on that.

Secretary-designate **Baker**. I think my statement yesterday, Senator Simon, sets forth my view in that regard. And if I am not mistaken, in that statement I said that this is, of course, a very important issue facing the United States.

It has been one for quite some time and it is one that we should not shrink from. That is basically what I said in the statement. That is the way I feel.

Senator **Simon**. Right. Well, I appreciate that. And if you will follow through, I think it is extremely important.

An issue that is not a headlinemaking issue that you and I have talked about, that our chairman and I have talked about, is our foreign language deficiency. We have the only foreign service in the world where you can get into the foreign service without the knowledge of a foreign language.

There is no question to do the kind of job we need to do is going to take a commitment of resources. And I hope we in Congress will back you in the need for those resources. But any reaction that you might have, any response on that particular need?

Secretary-designate **Baker**. Well, I would simply second what you said, Senator Simon. I know that this has been a particular interest of Secretary Shultz. It will be an interest of mine. I think that it is important that our foreign service have those language capabilities.

We will be coming to you for, in all probability, a minimum of $34 to $35 million for fiscal 1990, appropriations for Arlington Hall, assuming that will survive the Bush administration review of the Reagan budget.

But I think anything we can do to ready that facility for occupancy in the year 1992 we ought to do.

Senator **Simon**. And it is frankly not just a facility. I think it really takes a commitment. And you are correct, Secretary Shultz has been sensitive on this. But we have a long way to go to doing what we ought to be doing.

And you have several internal reports within the State Department pointing out our deficiencies in that area.

The need to pull in more women and minorities into key positions I think is a continuing need. Particularly in some of the Third World countries, it is important that that be present.

Any comments on your part in that area?

Secretary-designate BAKER. Well, as you know, we have a Deputy Assistant Secretary whose responsibility includes that in the Department. I have met with him. I can only reiterate what the Vice President said during the course of the campaign, which is that he expects to make room for women and minorities in all elements of the executive branch.

Of the five appointments that we have announced so far in addition to my own, I would note that two of those, Presidential appointments requiring Senate confirmation, two out of the five are women. And there is more that can be done, I think, at the State Department, as evidenced by the briefings I have received. And we will be doing the best job we can, Senator. That is all I can tell you.

Senator SIMON. One of the areas of responsibility—and you worked with the Defense Department on this—is the whole NATO responsibility. The United States is spending about 6.8 percent of our GNP on defense. Our friends in Western Europe are spending about 3.3 percent on the average.

Secretary Kissinger back some years ago made a suggestion that was never followed through on, and that is that as part of shifting the responsibility that perhaps the NATO commander, military commander, could be a European officer rather than an American officer.

Any reaction to Secretary Kissinger's suggestion?

Secretary-designate BAKER. You mean in order to shift some of the economic burden?

Senator SIMON. As a symbolic thing. Obviously, paying one person's salary is not going to shift much of an economic burden.

Secretary-designate BAKER. No.

Senator SIMON. But as a symbolic thing, as part of a greater shifting that has to, I think, take place.

Secretary-designate BAKER. You mean as an inducement to obtaining more and greater burdensharing by our NATO allies?

Senator SIMON. Yes.

Secretary-designate BAKER. I think it is something that we could look at, Senator Simon. I do not have an opinion on it because, frankly, I had not considered it before you just mentioned it.

I would think that we could take a look at it. But I really wonder, in light of what I said yesterday about the importance of the United States leading, not just economically but in foreign policy, and the importance of the United States leading the alliance, whether that is something that we should do.

The alliance has worked. There have been plenty of strains, admittedly, but the alliance has worked pretty darn well for 40 years. And I wonder if a change of that nature would move us in the right direction. It is something we could look at.

Senator SIMON. All right. I thank you. My time is up.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Lugar.

Senator LUGAR. Thank you, Mr. Chairman.

Mr. Secretary, during the last round of questions my colleague from North Carolina raised the INF Treaty. It's not my purpose to renew the debate, but he mentioned the hearings a year ago, and we had many hearings before the treaty went to the floor.

I just simply wanted to pin down some points in your testimony. The Arms Control Observers Group, the group of Senators who follow arms negotiations regularly with our negotiators and others who have been involved, understood from briefings on the INF Treaty that there were, as the Senator from North Carolina mentioned, five items in question.

And at least one or two of them, as I recall, were technical problems that, Soviet or American alleged violations, had been met satisfactorily with action.

I think that is important to pin down so that there is no lingering doubt among the American people about a treaty that we ratified 93 to 5, a treaty that this administration felt was very important at the time.

You have indicated you have been briefed by the Department on verification.

Secretary-designate BAKER. Yes, indeed.

Senator LUGAR. But can you not affirm a little more strongly that it is your understanding, even on the basis of your role in the administration, having worked with President Reagan and Secretary Shultz, that as far as you can see the terms of the treaty has been met faithfully?

Secretary-designate BAKER. Senator Lugar, as I hope I indicated in my answer to Senator Helms, this is the first time I had heard that there was an outstanding violation, an uncorrected violation, under the INF Treaty. And as I indicated, the briefings I had received are basically to the effect that the Special Verification Commission has met three times, that they have, as you suggested, entertained suggestions of noncompliance on both sides, and that all of those had been corrected.

That is the information I had, and I heard no one suggest otherwise until I heard the question this morning. But I think, having heard the question, I should check into it, which I am pleased to do.

Senator LUGAR. Well, I would agree and I would hope that you would brief the committee quickly upon any violations, because it would undermine all of our considerations regarding arms control situations in the event the Soviets are not complying with the treaty. That goes without saying.

Since we have right now a living treaty in which INF missiles are being destroyed seriatim, indeed a good number of them already have been destroyed, it is important for this country to know and for us to know about cases of noncompliance.

Let me just follow up on the question of first asylum. In the last week I visited with the Cambodian refugees at site II and with the Vietnamese refugees in the same area there. There are two different situations there, one of which, as you know, might be resolved in the conference with regard to all the refugees from Cambodia, and if so the refugees could be returned to Cambodia. So there is some hope for those refugees.

But with regard to Vietnamese refugees in the camp immediately adjacent, the future is less hopeful. Since last year Thailand has discouraged additional refugees, not by pushing them off since we admonished them on that, but by putting them in a camp and indicating that there is no possibility for them of relocation.

Now, it seems to me the predicament is one in which, at great risk and peril many of these persons that I interviewed in the camp claim to have been former military people or civil servants in Vietnam who were closely allied with us 13 or so years ago. This is a part of the reason for their predicament in Vietnam.

And so we bear some responsibility in my judgment for them. They are in a no man's land as it stands. I do not ask you for a remedy today because of the difficulty, both diplomatic and in terms of policy, of encouraging people to risk their lives, even though they really did so knowing that their odds were very poor of being relocated.

But that situation exists and is likely to worsen in Malaysia as well as in Thailand, and both of their governments want to discourage any immigration from Vietnam.

Clearly, in a humanitarian way we have some responsibility to people who stood with us and who are now in peril. So, I second the chairman's motion that we think carefully before cutting off the possibilities of relocating some of those persons from Asia, even as we are mindful of the problems in Soviet Armenia.

We may have to do more than within the current boundary limits. I hope we can discuss this issue again.

Secretary-designate BAKER. Well, I am sure we will, Senator Lugar. And it is, as I indicated in my answer to the chairman, a major problem, and it is one of resources as well as strictly a policy question.

Senator LUGAR. Now, along the same lines, it is clear that one of the outcomes in Central America that was readily predicted by the administration is occurring, and that is that many Nicaraguans are coming to the United States of America. Many have entered the Southwest and, as we now see in news accounts, many because of a recent court decision are proceeding to Miami.

Their numbers are unknown, but the flow is obvious. I suppose that my question here is that, in this interim period as you are taking over in the State Department, I understand you have not made an appointment for an Assistant Secretary in Latin America. Things are in flux. But there are all sorts of things that happen in a transition. That is the way our Government works.

Nevertheless, the refugee flow, all of the outgrowth of the Nicaraguan conflict, is occurring even as we reorganize. Other developments are occurring also. The El Salvador election is coming up on March 19, as some members of the committee mentioned. Panama is festering. We are without a policy. My question is this: How do you intend to take charge in the Latin American situation, or how are you going to manage for the next 2 or 3 weeks, in which a good bit may happen?

Secretary-designate BAKER. Well, I think until Friday, Senator Lugar, the problem will continue to be managed by the outgoing administration. If I am confirmed by this committee and by the

Senate, I will of course be able to address, to give it some attention as of the date of that confirmation by the full Senate.

There are people who are in the Department who are not—who will remain in the Department and who have been dealing with these problems for a considerable period of time, and who will be available to continue to deal with them during that transition period of whatever it is, 5 or 6 days.

I do not know under our system what I can do in that period, if that is the gist of your question. I think the way our system works, it is important for those of us appointed to positions in the executive branch not to presume to act before we get confirmed. And this is a policy that I have been following assiduously for the last 2 months and I expect to continue to follow it for the next week.

After that, we will have, I think, the resources within the Department to deal with the issue, even though we may not have a new Assistant Secretary for Latin American Affairs either appointed or confirmed. But I think we will be able to address the problem and make decisions and deal with it the way the outgoing administration is right now.

Senator LUGAR. Well, that is, I realize, about the best that you can do. But could we revisit that maybe in 10 days or 2 weeks?

Secretary-designate BAKER. Absolutely.

Senator LUGAR. I am afraid that things are drifting and I do not really see in the Department right now the ability to handle any of this. This must be of some concern to yourself.

Secretary-designate BAKER. Well, as you know, Senator, it is disturbing to me. As you know from my private visits with you and the other members of the committee, I do not see an issue coming at us any quicker than this one. I think it is going to be right on our doorstep when we take office. That is what I have said in my private visits with you, and that is why I think it is so extraordinarily important that we get together as the legislative and executive branches on what our policy ought to be down there, get a unified policy and start implementing it, because these problems are not going to go away without it, and they are going to multiply.

Senator LUGAR. Thank you.

The CHAIRMAN. Thank you.

Senator Biden.

Senator BIDEN. Mr. Secretary, speaking of getting together and bipartisanship, I would like to revisit briefly a question I raised yesterday and I either did not fully understand your answer or did not agree with your answer. Yesterday I stated to you that it is my belief that it is very important that before the new administration hit the ground and was running try to develop a mutually satisfactory solution to what has been a constitutional impasse for some time.

And you as the President's advisor, in the capacity as his advisor in the White House, understood and spoke to that issue very briefly, and it is the war powers, the question of war powers; and that we simply try to deal with that problem in some way other than on an ad hoc basis.

Now, I stated that based on my conviction that Congress is not going to repeal the War Powers Act, even though some have suggested that; and that the continuing practice of the Executive, which I expect would continue, of flouting the War Powers Act, will lead us inexorably back into the morass that we have found ourselves in for the last decade or so.

And that is that a use of force situation will arise, the Executive will decline to send up the section 4(a)(1) report required by the law, and we will be right back in the thick of it, consumed by debate over procedure rather than the debate over substance on an issue that is important to the United States.

And so accordingly I invited you or your representative to participate in the months ahead in a quiet, off the record dialog on the subject. And your response, as I understood it, was that it would be difficult because many in the executive branch regard the war powers resolution as unconstitutional.

And if that was your answer, I did not find it very encouraging, because I point out that there are an equal number of Members of the U.S. Congress who believe that the Executive's action is unconstitutional.

Secretary-designate **Baker**. I think you misread my answer, Senator Biden. What I intended to say to you was that I would be pleased to do that, but that I wanted you to understand going in that I could only make representations for myself and that there are any number of people in the executive branch, some of whom will be in the new administration, who feel very, very strongly about the unconstitutionality of the War Powers Act, beginning with the President-elect. He has spoken to this.

And therefore I did not want you to think later on that I was proceeding under false colors. If there is a way we can work something out, I think it would be in the best interests of the United States to do so, because we do have a government of shared powers, as I have indicated.

I think that is something the new President appreciates very, very well. At the same time, he has an obligation to guard the prerogatives of the Executive, just as you have to guard the prerogatives of the legislative.

And all I am saying is that I will be happy to sit down, we will be happy, I am sure, to explore any possibilities. But I do not want to proceed under false colors.

Senator **Biden**. I do not want to proceed under false colors. And I clearly cannot speak for the committee, nor for the Congress as a whole, nor for the members of my party, but I have been here now for a little bit of time, over 16 years, and I can almost guarantee, unless we can find an answer other than an ad hoc basis in dealing with the issue of war powers, the hope and desire of both of us to begin to have a bipartisan foreign policy I think is impossible.

This is the single biggest stumbling block. The reason for the war powers resolution in the first instance, rightly or wrongly, was the Congress believed, rightly or wrongly, that Presidents, Democratic as well as Republican, had changed the role of the Presidency and had put them in a position where they were no longer a party to the single most important question that is made in the area of foreign policy, and that is the use of force.

Now, all I would suggest is just that we try. I am not suggesting that the Congress not change its position. As a matter of fact, we have drafted a proposal after chairing extensive hearings in the

Special Subcommittee on War Powers during which just about every constitutional expert pro and con on the issue, and almost every major spokesperson in previous administrations testified.

And I drafted a new, if you will, war powers resolution. And all I am suggesting is that maybe with either you—I am sure you will be very busy and I am sure Secretary Eagleburger will be, too, but he is a man that knows this area very well.—will sit down with me and at least attempt to see whether or not there is a mechanism, a different mechanism.

Secretary-designate BAKER. Setting aside the question of constitutionality, you mean, we would agree on some mechanism that would not be an ad hoc issue-specific one.

Senator BIDEN. Right.

Secretary-designate BAKER. But a generic mechanism. But we would not approach the question of whether or not—there would be no acknowledgment of constitutionality or unconstitutionality; is that the approach?

Senator BIDEN. Without going into it here, I believe the proposal that I've made answers most of the constitutional objections that previous White Houses have had. And so if we can come up with a mechanism you all would find constitutional, we would find constitutional, and put both organizations, the Executive and the Congress, in the ball game.

I am not sure it can be done. I am not sure you will agree. But I am sure of one thing: If we fail to do that, we are going to be at an impasse every time there is even discussion or, the prospect of, the projection of force anywhere in the world.

And I would just like to ask you, not to now at this moment to say who or when or how, but I mean it when I say a very quiet, off the record, sit down and go through the proposal or any proposals you all may have, other than the proposal that says, "Hey Congress, you have nothing to do with this and we will tell you when it occurs," something short of that.

If that is your position, as I said, you in the generic sense, if that is your position then I can assure you there will be no bipartisanship. That is a guarantee if that were your position. I am not saying it is.

But there must be some way in my view for us at least to attempt to come up with some mechanism, and that is all I am suggesting, that if you would be willing to seriously sit down and explore that possibility.

Secretary-designate BAKER. I think that would be worthwhile, Senator, and I have absolutely no problem with that. I just did not want you to think by my answer yesterday that it is not a very, very difficult problem.

Senator BIDEN. I have no illusions about it being easy. I am not even sure my colleagues would agree with the proposal I have come up with, let alone getting the Executive to agree.

Let me switch gears in the short time we have here, that I have here. Yesterday we discussed Gorbachev's Russia. Not just you and I, but others raised it, because it is probably the hottest item on the agenda and the place where the most change is occurring.

But what I would like you to comment on briefly is, what kind of development do you think we are actually seeing in Russia? And let me pose the question with this background. Several models have been postulated.

There is what I call the Kissingerian view. Dr. Kissinger seems to perceive that the Soviets have simply taken a breathing spell, a time out, before resuming their historically demonstrated penchant for expansion. They just want to get us to the point where they can regain their economic firepower and then when that occurs they are going to come back with the same agenda, the same intentions.

There is a second view that I heard postulated when I was in Europe. That is, that the Soviets have been forced by economic incompetence and reality into a grand and perhaps permanent retrenchment, to become the European power and pull back from the notion of being a world power.

And the third view I have heard and you have heard is that we are finally seeing the fulfillment of an earlier theory of convergence which occurred after World War II and has been discussed for some time, and that is the East and the West are coming together slowly, with the Soviets doing most of the changing.

And what I would like to know is which model of those or others do you think they are operating on? Because, as you said yesterday, what the Soviets do is critical and they themselves are the ones who are going to make the changes. What kinds of changes do you think they are making, and are they operating on the breathing spell model, the convergence, or something other?

Because obviously, depending on what we think they are doing, we may very well have a different reaction to their actions. I would like to know in more detail what you think is happening.

Secretary-designate BAKER. Senator, yes. Let me simply say that I do not think we can tell yet. I think that the reason we have so many different scenarios is because the jury is still out.

And that is why I think we should approach the relationship the way I suggested yesterday, that is with prudence and with a certain degree of realism.

Senator BIDEN. Do you think Gorbachev term, "breakup-makeup," is that an objective?

Secretary-designate BAKER. I do not know whether that is an objective or not, but I think it is a little too early for us to determine where it is going to go.

Senator BIDEN. I will come back in the 30-second round or whatever it is and finish up. Thank you very much.

The CHAIRMAN. Thank you, Mr. Biden.

I just would like to acknowledge the presence here of our old colleague John Lindsay. Welcome.

Senator Kassebaum.

Senator KASSEBAUM. Mr. Secretary, I just got back from a trip to the Middle East and I, as you perhaps already know, would just like to say there is great optimism there on the part of the leadership of the countries that we visited about your becoming Secretary of State and certainly George Bush President of the United States, and I would add also Larry Eagleburger as Deputy Secretary.

So, I think this enhances and encourages the optimism that exists in the Middle East for change, for opportunity. There is certainly a feeling that progress can be made.

I think also they are delighted we have gone back in session, so Codel's will stop coming through.

But often I heard in the countries that we visited that there is support for an international peace conference and some type of comprehensive solution. I also was struck with really how far apart all the major players are on what they really expect from a peace conference.

And I wondered if—my own concern as I reflect on this is that, if there is too great an emphasis on a peace conference, are we not raising expectations too high about an event that may be just an argument as far as the shape of the table?

And is it better to be seeking perhaps some smaller steps that could lend support then for the grander agenda? And also, these smaller steps give an opportunity for a backing away from the tensions that exist right now between the Palestinians and the Israelis.

It seems to me that it is easy to get focused on the grand design and lose sight of the opportunity for some small steps that I think have to be taken to lay the groundwork.

Secretary-designate **Baker**. Senator Kassebaum, I do not think that the possibility of a properly structured conference excludes or negates smaller steps. And I do not think that the current administration ever made the suggestion in that context.

So, I think that we should pursue whatever avenues there are that could help us find the way to peace in the Middle East, as I just indicated to Senator Simon. But I think we ought to all be realistic about the prospects for achieving a breakthrough.

There is no more intractable problem facing us. There has been no more intractable foreign policy facing us for a long time. That does not mean that—the difficulty of the task does not, should not deter us from making the effort.

Senator **Kassebaum**. I certainly agree. And in fact, as I just pointed out, there are great expectations that as a matter of fact we will provide a lot of leadership. And I think that again maybe hopes might be too high, and that is why I would hope that in the discussions we look to some ways to provide some smaller steps that can bring people together and start with the framework there.

I do not know if you are familiar with—you probably are—with 14 points that were presented about a year ago by a group of Palestinians. These are not acceptable to all concerned, but at some point there are going to have to be one or two steps taken that can help disengage, it seems to me, the major protagonists so that there can be a little breathing space for the larger agenda.

And one area, moving on, that I think plays a crucial role is Lebanon and the tragedy that exists in that country, not only for our hostages that are still being held there, but the continual tragedy that is being played out there. And I would like to ask you, what role do you see us playing there and what role, more importantly perhaps, do you see Syria playing?

Secretary-designate **Baker**. Well, I think Syria can be very influential in what happens in Lebanon, and from time to time I think they have been.

I think the role that the United States should play there is pretty much the role that we have been playing there recently. We have maintained a presence notwithstanding the major problems facing that country. It is a limited presence. I think that we should continue to maintain that presence and work to the extent we can to advance reconciliation in that country.

But again, we are limited in what we can do. And if the various factions that are warring there are not of a mind themselves ultimately to put it back together, it is going to be very hard for us to have a major impact.

Senator KASSEBAUM. Well, as with much else, time is of essence, I think, there. As you perhaps know, the short list of names for the election has been rejected, put forward by the Patriarch, has been rejected by the Syrians. Iraq seems to be making some major moves into Lebanon.

The Parliament dissolved in March, and there can be real chaos there. And either, it seems to me, pressure has to be increased on the Syrians—and I am not sure that that is a role that we can exert even, but there are those who can, whom we can influence. And I just—I think in many ways Lebanon holds the key right now to some efforts to bring some stability into the region.

Secretary-designate BAKER. Stability to the region, I agree with you. But it is a very, very difficult problem, as you know.

Senator KASSEBAUM. Going on to another question, were you involved in the recent decision that we go along with the human rights conference in Moscow in 1991 and what is your opinion of this development?

Secretary-designate BAKER. Well, contrary to published press reports, Senator Kassebaum, I was not involved in the decision. Again, as Secretary-designate it is not appropriate for me to involve myself in the decisionmaking processes of the current administration and I have not. To have done so I think would have impinged upon the Senate's right to confirm executive branch nominees.

I have had some reservations in watching the issue develop, even during the campaign, about the wisdom of holding a human rights conference in Moscow. But having said that, I have to say to you that I am impressed by the changes which are taking place in the Soviet Union and what Secretary Shultz and the President have achieved there. I think those are dramatic changes.

And I find it very difficult to—I do not think that there can be any criticism of the progress that has been made there. I think it has really been quite dramatic. More is needed, and the Reagan administration in agreeing to this conference has made it clear that our participation would depend upon additional progress and has laid down certain conditions.

And I think those are good conditions, and we will of course inherit the question of implementation with respect to that conference, and we will be judging satisfactory compliance with those conditions. So, we have made a commitment and we play to keep it. It is a solemn obligation of the United States.

But we are going to keep it provided that the conditions that have been laid down are met.

Senator KASSEBAUM. Thank you.

The CHAIRMAN. Thank you very much.

Senator Sarbanes.

Senator **Sarbanes**. Thank you very much, Mr. Chairman.

Mr. Secretary, yesterday right at the end we talked a bit about who is going to articulate foreign policy and what you perceive the role of the Secretary of State to be. I would like to pursue that line of thought with you this morning.

You served, as I recall, as a member of the National Security Council by designation of the President, both as Chief of Staff and as Secretary of the Treasury, although neither of those positions is a statutory member of the Council; is that correct?

Secretary-designate **Baker**. That is right.

Senator **Sarbanes**. So, you have had an opportunity for virtually all of the past 8 years, with the exception of a few months here at the end, to participate in the work of the National Security Council and observe its activities. What do you regard as the proper role of the National Security Council? More specifically, what do you see as the division of responsibility between the Secretary of State and the Assistant to the President for National Security Affairs?

Secretary-designate **Baker**. I think the National Security Council's primary role is to advise the President with respect to national security matters and to coordinate the activities of the various agencies and Departments that are engaged in the national security process.

Senator **Sarbanes**. And what do you see your role as the Secretary of State as being in foreign policy, vis-a-vis the role of the National Security Advisor?

Secretary-designate **Baker**. Well, the Secretary of State has a statutory responsibility in the conduct of foreign policy and as the President's principal advisor with respect to foreign policy. These are statutory obligations which devolve upon the Secretary of State, and that is the way I would see my role.

Senator **Sarbanes**. Other than the President, who obviously is the ultimate spokesman, do you expect as the Secretary to be the spokesman for the administration on foreign policy?

Secretary-designate **Baker**. I would expect to be the principal spokesman, yes. I would not expect necessarily to be the only spokesman. I think there will be other spokesmen in the State Department, there will be spokesmen at the National Security Council. I think that is right and proper.

The Secretary of State is the principal spokesman on foreign policy for the administration. The President himself is really the principal spokesman on foreign policy.

Senator **Sarbanes**. Do you envision the National Security Advisor as being a public spokesman for the administration's foreign policy?

Secretary-designate **Baker**. Only in close coordination with the Secretary of State, and that is the way I expect him to work in this administration.

Senator **Sarbanes**. If the National Security Advisor is going to be such a public spokesman, do you think he should appear before congressional committees and testify?

Secretary-designate **Baker**. No, sir.

Senator **Sarbanes**. Why should he, in effect, testify publicly as a spokesman and yet not appear before the committees?

Secretary-designate **Baker**. Well, because he will not be the principal spokesman. I do not think that it is appropriate to think that the President of the United States cannot have close-in advisors who cannot speak publicly. We cannot muzzle the President's closest advisors simply because they are not confirmed, in my view, Senator Sarbanes, by the legislative body.

Senator **Sarbanes**. I am not talking about the private counsel which the Security Advisor may give to the President, or his work internally within the administration in a coordinating role, a policyshaping role. But you see no contradiction between having such a person assume a public role, for instance appearing on——

Secretary-designate **Baker**. Sunday television programs?

Senator **Sarbanes** [continuing]. Sunday television programs and responding to questions from the press, and not appearing before the Congress and responding to questions from the Congress?

Secretary-designate **Baker**. I really do not, Senator Sarbanes, provided it is done in a manner that does not lead to confusion and disarray in foreign policy. And I think that is the way it will be handled in this administration.

To follow that suggestion to its logical conclusion, I suppose that the President's Chief of Staff would not be permitted to appear on a television program unless he were confirmed. And I simply do not agree with that.

Senator **Sarbanes**. Well, the Chief of Staff usually, at least when you were Chief of Staff, interacted with the Congress rather extensively. There has always been a tradition of shielding the Security Advisor from the Congress.

It seems to me that if this is going to be the case, some thought needs to be given as to whether the Security Advisor can play a public role away from the Congress and at the same time refuse to play a public role with the Congress. Some thought should be given to that, because I think it is one source of potential tension and conflict between the Executive and the Congress.

Let me ask you, do you think that the four statutory members of the National Security Council—the President, the Vice President, the Secretary of State, and the Secretary of Defense—should all be aware of covert findings when such findings are made?

Secretary-designate **Baker**. Yes. Yes, I think so.

Senator **Sarbanes**. Would you work to have that implemented as a requirement? In fact, at the time of Iran-Contra one of the difficulties was that two major departmental Secretaries involved in national security matters were unaware of covert findings at the time.

Secretary-designate **Baker**. I think that clearly the President has to be aware, because he has to make the finding. I think it is appropriate and desirable that the Vice President, the Secretary of State, the Secretary of Defense all be aware of covert action findings.

Senator **Sarbanes**. Now, I want to look at one of the problems in this cooperation between the Executive and the Congress to, which considerable reference has been made in these hearings. In drawing a contrast you cited the examples of Afghanistan and INF on the one hand and Central America on the other.

With respect to Central America, legislation had been passed by the Congress and actually signed by the President. The question was whether the difficulty lay with the congressional refusal to acquiesce in the administration's policy of Contra aid, or the refusal of persons in the executive branch to adhere to the law with respect to Contra aid.

I do not want to necessarily delve into this too deeply, but I would like to quote something that Admiral Inman said on one of the talk shows back in July 1987 when he was asked about how our process worked, and what the obligations were with respect to the executive branch once there was properly enacted legislation.

He was asked what attitude one should take. He replied, and I am now quoting him:

> My view is very direct. Once you have legislation that establishes a process, you have three alternatives: you get the law changed if you think it is wrong; if you believe it is unconstitutional, you find a case and take it to the Supreme Court; or you comply with the law and you work to make it work. I do not believe there is a legitimate option in a country of laws to simply go around it as the way you do business.

I take it you would agree with that?

Secretary-designate **Baker**. I agree with that 99 percent. I think it is a little, perhaps a little too simplistic to suggest that you find a case and take it to the United States—I mean to the U.S. Supreme Court, because sometimes that is easier said than done.

But yes, I agree with practically all of that. The conclusion, I agree with the general conclusion that you suggested.

Senator **Sarbanes**. Well, if you cannot find a case to take to the Court to test its constitutionality, you are back to the other two alternatives. You either seek to change it or you comply with it. You cannot go around it.

Secretary-designate **Baker**. Well, but another way to get it up before the courts perhaps is to say, is to suggest that it is unconstitutional. Suppose you ask for——

Senator **Sarbanes**. Well, that is finding a case and taking it to the court.

Secretary-designate **Baker**. Well, all right. If that fits in there, fine.

The **Chairman**. Thank you very much.

Senator Boschwitz.

Senator **Boschwitz**. It was not clear to me what my colleague from Maryland was driving at there, but I presume that the administration is going to comply with the law, and that those were certainly some difficult times that the Senator from Maryland alluded to.

Let me turn for a moment, if I may, to immigration and emigration. The Soviets are beginning to relax some of their restrictions on emigration. Interestingly, when the President was in the Soviet Union he talked so forcefully about the need for emigration and for human rights at Moscow State University and other places, that the Soviet TV, as I understand it, had to explain his remarks to their own people. They explained to the Russian people that we are indeed a country of immigrants here in the United States and that they, the Russians, are not; and so that the attitudes of their country differ from the attitudes of our country.

And I found it interesting that on Soviet TV the commentators made those distinctions for the Russian people, which had never been done before. It was my hope that emigration would be more relaxed as evidenced by that, and apparently it has been somewhat more relaxed.

However, Soviet emigration policy still is quite arbitrary in granting or denying rights. And I would like to ask you what you feel we can do about that and in your new position what you feel you can do about that?

And I would also like to ask whether or not this administration will be prepared to receive what may be a larger flow than we have had in the immediate past. So, the question is twofold: Will we be supportive of the idea of accepting an increased flow; and what will we do to see that the Soviets do not arbitrarily deny exit visas?

Secretary-designate BAKER. I have already spoken, I think, Senator Boschwitz, to the problems that are presented by increased flows all around the world. And we have just recently, as you know—the State Department I think has made arrangements for an increased flow from the Soviet Union, albeit I am afraid at the expense of other areas of the world.

Senator BOSCHWITZ. That is a very difficult thing to do.

Secretary-designate BAKER. A very tough problem. What can we do about it?

One of the conditions that has been laid down for our attendance at the human rights conference in Moscow is that the remaining obstacles to emigration in the Soviet Union be removed and eliminated. So, that is, I think, a very important condition, and we will continue to work toward that end.

It will be the subject, as it has been for quite some time, on the agenda of our meetings with representatives of the Soviet Union.

Senator BOSCHWITZ. I am very aware that Secretary Shultz took a very active role in some of these matters, and he on occasion told me that it was important that these issues not be put at the end of the agenda. Often he insisted that they be put at the head of the agenda.

Secretary-designate BAKER. That is right.

Senator BOSCHWITZ. That emigration should not be spoken of just as they were about to break up, saying, "Hold on just a minute, I want to talk to you about letting some of your people out."

So, I hope that this administration will take the same active attitude that the Reagan administration has done.

Secretary-designate BAKER. I see no reason why we would depart from that, Senator.

Senator BOSCHWITZ. Good.

I traveled to Southeast at about this time, as a matter of fact, last year and witnessed the plight of refugees who really were languishing in camps in Thailand. And unfortunately, our troubled relationship with Vietnam and Laos and Cambodia often prolongs their stay under really very miserable conditions.

One of the underlying causes of the Southeast Asia emigration problem is, of course, the difficulty and the battle over the future of Cambodia. And I would like to ask you, what hope do you see for these refugees? What hope do you see for Cambodia?

As the Vietnamese troops are beginning to leave Cambodia, the Khmer Rouge has stepped up its efforts. And to trade the Vietnamese for the Khmer Rouge would really not be an improvement and perhaps be even worse.

What do you see our role and what kind of hope can you give as you look forward to the possibility of solving problems in Southeast Asia? And what hope can you bring to these refugees?

Secretary-designate **Baker**. Well, Senator, I think as you mentioned there is progress toward a Vietnamese withdrawal from Cambodia, perhaps not as rapid progress as we might have liked and maybe they did not quite get to the 50,000-troop withdrawal that they had estimated they would achieve by the end of 1988. But they are nevertheless leaving.

The objectives, of course, of the United States in that area are to see a Vietnamese withdrawal without seeing a return to power of the Khmer Rouge, and we will be working to achieve that.

The plight of those refugees depends in large part upon effecting those two goals. We will continue to work for that.

Senator **Boschwitz**. What kind of hopeful sign can we give those people in the camps? They live a life really of despair and hopelessness. When I was there, I was very struck by that.

But do you see some hope for those people in those camps?

Secretary-designate **Baker**. I think the hope has to be pointing out every chance we get what our objectives are in Cambodia, as I just articulated; and furthermore, that the United States will remain committed to a resolution of Southeast Asia's refugee problems.

I think we can point with some degree of pride to the fact that we have resettled over 880,000 refugees since 1975. That is quite a number, and we will continue to work on the problem. I think that is the only way I know, Senator, to give them some hope.

Senator **Boschwitz**. Let me turn to Third World debt and specifically to Mexico. I was very buoyed by the fact that on page 13 of your testimony you gave some attention and importance to Mexico. As you said, it is time we regarded Mexico with the respect and seriousness it warrants. I very much believe that to be the case, that it is perhaps too easy to ignore our neighbor and it has also perhaps been the case over the past years.

And yet, I must say I sometimes despair about what the Mexicans can reasonably do about their debt, approximately $100 billion. I sometimes wonder if they could not buy back some of their debt, and I know there was questioning here earlier by other Senators.

The fact that the debt was selling at a discount was mentioned, so that it might be that countries, if they could find the financing, could buy back their own debt at substantial discounts and be in a stronger position as a result.

How do you see the relationships between Mexico and the United States strengthening unless there is a resolution of this debt problem? And how do you reasonably see us moving forward or the Mexicans moving forward to resolve that?

Secretary-designate **Baker**. Well, I think I agree with you that we have to resolve the problem. Again, I am not sure that there is a magic bullet cure for it. We do need to look at voluntary debt reduction proposals and see how we can reduce the stock of debt.

But we must proceed carefully, because when you start talking about debt reduction you have to consider it, I think, in the light of the country's continuing needs for capital. So, you have to do your debt reduction in a way that is not going to cut the country off from access to additional capital down the line so that they can grow.

Mexico is one of the two cases where there has been a successful debt reduction scheme effectuated. The Mexican bond buyback proposal or arrangement of a year or so ago worked reasonably well.

Senator **Boschwitz**. It did not amount to much.

Secretary-designate **Baker**. It did not amount to as much as they had hoped or, frankly, as we had hoped, because when they got into negotiation with their creditors there was a difference of opinion on what the real value of that discount is.

Senator **Boschwitz**. Is there no market for that debt?

Secretary-designate **Baker**. There is a market, Senator, but it is a thin market.

The thing did work, though, to a limited extent. Of course, as you know, the Treasury Department provided some zero-coupon treasuries to make it work. There are any number of ways I think we can build on that kind of an arrangement.

Bolivia has repurchased its debt in a voluntary transaction with its creditors, and it has worked and it worked to a much greater percentage of the outstanding debt than did the Mexican experience.

But we need to continue to pursue these kinds of proposals.

The **Chairman**. Thank you very much.

Senator Cranston.

Senator **Cranston**. I am delighted to have another opportunity to talk about these issues with you. I want to ask if you are concerned about the widespread perception that the initiative lately has sort of been with the Soviet Union, that they have been making all of the proposals and we have been responding or not responding, that they have been setting the agenda?

Secretary-designate **Baker**. Well, I think it is important that, as I indicated in my statement, Senator Cranston, that the United States lead, continue to lead in foreign policy, and I suppose this is a part of that.

I know that the President-elect feels that it is important that we have our own initiatives and we expect to do so. I think that to make progress on issues such as this it is up to both sides to advance proposals which can be considered.

Senator **Cranston**. Yesterday Senator McConnell asked you under what circumstances the United States might consider making a unilateral cutback in military strength, and you stated that was too hypothetical a question to respond to, and I fully understand that.

I would, however, like simply to suggest that you consider the possibility in the course of time, and I know nothing can be done right away, in response to the Gorbachev-announced cutback unilaterally in conventional forces.

I recognize we feel that, despite that, we will still be at a disadvantage in Western Europe compared to the Soviets and allied forces vis-a-vis the West and us, and I recognize that anything we may do can only be done in consultation with our allies.

On the other hand, we have had negotiations going on endlessly on conventional forces and gotten nowhere. A new effort perhaps is about to be launched. But when you get to 22 countries, as it will evolve, it is hard to count on very rapid progress, particularly with France expected not to be enthusiastic about anything in particular being accomplished.

So, I am wondering, and I am not asking you to comment, but I wonder if it might be worth considering that we try to shortcut the process by at some stage announcing a move of our own, which could then be exactly the way we want to do it rather than being something that would have to be worked out with the Soviet Union, which should only be done in consultation with our allies, obviously. It I suppose should be asymmetrical, since we feel still at a disadvantage.

But if we could make at some stage a reduction, that would achieve now something that might otherwise be achieved a long time hence, and it might well precipitate a second cutback by the Soviet Union in whatever way they choose to do it, and then we could respond with still another of our own.

I simply suggest that that might be a way to speed the process, improve our relationships conceivably, quite possibly reduce tensions, and quite possibly reduce costs for both of us. We both would like to get some of these heavy arms expenditures and personnel expenditures off the backs of our economies.

And it might well move us far more swiftly to the point where we might ultimately get, but also might never get, through the complicated process of negotiations.

Another suggestion I would like to make to you relates to Central Europe. I gather that most Soviet experts in our country and in Western Europe feel that Central Europe is probably the most dangerous place now in terms of our hopes for progress in Soviet-American relations. It is where the cold war began, and it is quite possibly where some new problem could emerge.

East Europeans are seeking change by demonstrations and perhaps by violence. It could pose a very difficult dilemma for the Soviet leadership and could set back progress toward democracy and greater freedom and diversity in Central Europe, and also set back the processes that we see going on in the Soviet Union.

So, it seems to me it is an area we have to watch with great, great care.

I have been told that it has been U.S. policy to inhibit discussions of Central Europe between American diplomats and Soviet diplomats or representatives. I can understand the origin of such a policy.

But I wonder if such a policy is wise now, and if it still exists I would simply suggest that you take a look and consider ending that policy, so there could be a clearer discussion about a very important area between two powers that have great stakes in that part of the world. And again, that would have to be something done in consultation with our Western European allies.

Another area I would like to touch upon just briefly is to say that, in regard to Cambodia, I am delighted that Senator Boschwitz brought up the circumstances there in the context of refugees.

I am glad that you stated the need to seek to prevent the Khmer Rouge from coming back to power as the Vietnamese pull out. That is sort of analogous to the situation in Afghanistan, as Senator Humphrey mentioned yesterday, where we want the Soviets out but we are concerned about what happens next.

And while we want the Vietnamese out, we are also obviously very concerned about what happens next in Cambodia. It would be tragic if we were simply trading the Vietnamese forces for a resurgent, powerful Khmer Rouge forces.

So, I am delighted that you intend to do all you can to devise policies to prevent that. It seems to me that we have not really thought that through, and it may not be desirable to get the Vietnamese out until we know what may happen next.

Senator Dodd yesterday brought up one aspect of United Nations financing. I would like to touch upon another. The United States is now over $500 million behind in payments to the U.N. The President said last fall that the arrearages would be paid in full over a 5-year period and that full funding of our 1989 assessment would be requested.

So, I would like to ask, is it going to be the policy of the Bush administration to request full funding for the U.N. in this year and presumably in future years, and will it offer a more detailed schedule for seeking the necessary funds to bring the United States up to date in meeting our obligations to the U.N.?

Secretary-designate **Baker**. You mean more detailed than 5 years?

Senator **Cranston**. Yes, as to how we are going to catch up and then stay abreast.

Secretary-designate **Baker**. With this, as with other budget questions, Senator Cranston, I have to answer by saying that we of course have not had budget discussions yet.

I do not know the extent and scope to which the President-elect will decide to modify the Reagan fiscal 1990 budget. So, that is something we will be addressing very soon in the George Bush Presidency.

The President-elect was a former Ambassador to the United Nations from the United States, and I would suspect that he would be sympathetic to continuing the request for full funding this year. That would be my guess, although I have not discussed it specifically with him; and that he would probably be inclined to resubmit the Reagan administration's request for at least a 10-percent downpayment this year on arrearages.

It is a matter that we will have to develop.

Senator **Cranston**. Yes, I understand that.

Regarding the situation in Asia, I have read with interest your comments regarding the importance of our security and economic ties to the Pacific Rim. As chairman of the Asian Subcommittee of this committee, I will be dealing with those issues next month in a series of hearings up and down the west coast.

I would like to ask you about a few of those issues. Given our aversion to Japanese rearmament, how do you think we go about encouraging Japan to take a greater role in promoting democracy and security in East Asia and bearing the burdens that we have carried so heavily, without raising the specter of a rearmed Japan?

Secretary-designate **Baker**. I think we do it the way we are doing it, in conjunction, for instance, with the multilateral assistance initiative for the Philippines. They can do it in ways like that that would not raise the specter of problems with their constitution or a rearming of Japan.

We have talked to them as well about additional contributions by way of dealing with problems such as the Third World debt problem. There are lots of ways that it seems to me Japan, which is the world's second largest economy, can contribute without tieing it to defense expenditures and could contribute to the security of the Pacific Basin.

Senator **Cranston**. Thank you very much. My time is up.

The **Chairman**. Thank you.

Senator Pressler.

Senator **Pressler**. Thank you very much, Mr. Chairman.

To follow up on some of Senator Cranston's questions on Central Europe. Senator Biden has indicated to me his intention to hold hearings in the European Subcommittee this year on a number of European matters. Many of the bigger issues have been covered in other Senators' questioning.

Following up on a question I asked yesterday regarding the human rights situation for Albanians in Yugoslavia, as you know there has been some pressure from the Yugoslavian Serbian Republic to place the province of Kosovo, which has fewer than 25 percent Serbians, under the control of the Serbian Republic.

In the past, our State Department has opposed efforts to deny Albanian Yugoslavians there the right to manage their own political affairs within the framework of the Yugoslav federal system, which is currently under great strain. Will you continue past Department policy and oppose efforts to destroy what I consider the few remaining political rights of the Albanians there?

Secretary-designate **Baker**. Senator Pressler, I cannot give you a categorical yes or no on that. All I can agree to do is to take a look at the issue, which I will do, and let you know promptly at the beginning of my tenure what our position will be.

Senator **Pressler**. Thank you.

What do you foresee during your tenure on the level of troops we have in Europe?

Secretary-designate **Baker**. Well, I think that this whole issue of U.S. troop strength in Europe and burdensharing and the like is something we need to continue to discuss with our NATO allies. We need to, of course, consult very, very closely with them on all of these matters.

I have not formed an independent judgment on whether or not we have too many or too few troops in Europe. It is something that I will be dealing with after I take office. And again, all I can do is say that I would be pleased to take a look at that specific issue, although it probably falls perhaps more appropriately in the province of the Defense Department.

Senator **Pressler**. Well, I hope you will take leadership in that area.

During the campaign, President-elect Bush characterized Turkey's Armenian policy from 1915 to 1923 as attempted genocide. Do you anticipate any revision of this characterization under your leadership at the State Department?

Secretary-designate BAKER. Again, I would have to take a look at that, Senator Pressler, because I am not in a position to give you a categorical answer here today.

Senator PRESSLER. Do you have any view on it?

Secretary-designate BAKER. Well, I am familiar with the issue generally. I have no reason to believe that we would change what has been the present policy and position.

Senator PRESSLER. One issue I have spent some time working on is administrative in nature. I find that in Europe and elsewhere the State Department spends a huge amount of money on short-term leases to house its diplomats. In part, that may be Congress' fault in the sense that though the budget we are forcing some of the Departments to lease rather than buy.

For example, in the case of the residence of our representative to the Vatican, we leased it, fixed it up for security purposes under a short-term lease, then we had to re-lease it at a much higher rate. In other words, I think we are being robbed by some of these countries or individuals in these short-term leases.

I have talked to George Shultz about this and he has formed a unit to look into this. Around the world, in part because of budgetary decisions and in part because of rental decisions being made, we own less than we lease. Sometimes they will not let us purchase property.

This is an area in which we could be losing millions of dollars annually, in my judgment. Are you aware of that issue and what leadership will you provide?

Secretary-designate BAKER. Well, I am aware of the fact that we have gone more and more recently toward lease arrangements. I am also aware of the fact that we still happen to be a very, very large owner of real estate abroad.

I think that this is an appropriate issue to examine, Senator Pressler, and I would expect that the new Under Secretary for Management would have that right at the top of his agenda, along with some other things.

I suppose an argument could be made that if the lease terms are appropriate, you can get a better deal leasing. So, I do not know that it is necessarily all a one-way street. It is something that we ought to take a look at, and I will.

Senator PRESSLER. I will send you over some work my staff and I have done.

Secretary-designate BAKER. Fine.

Senator PRESSLER. I appreciate that.

Do you see any change in the diplomatic status for San Marino?

Secretary-designate BAKER. Again, I have to look into that, Senator. I am not familiar with the diplomatic status of San Marino.

Senator PRESSLER. Switching to the Middle East, recently on a trip to Saudi Arabia it was pointed out to me that arms from Europe are a key issue, that many of our European allies actually use United States foreign policy in the Middle East as an excuse to advertise the availability of their weapons. These are some of our good allies.

I think yesterday Senator Helms brought up the matter regarding the chemical weapons, where the supplies came from.

Throughout the Middle East, I find that some of our good allies, their salesmen in the Middle East use our foreign policy as an excuse and so forth to sell large amounts of arms to almost anybody who will buy them. Some of them say they are just selling them to countries that are going to use them defensively. I think that is Sweden's explanation.

What steps or what jawboning could you do as Secretary of State to get these countries, our European allies in particular, to be more responsible on where they sell arms?

Secretary-designate **Baker**. Well, I think we can talk to them to the extent that there is any irresponsibility. But I am not sure I am aware of specific incidents of that, Senator.

There will be very little that we can do to prevent them from responding to legitimate requests for arms from other countries if we are not going to respond to those requests ourselves. And I do not think it would be appropriate for me to suggest to you that we could do anything by jawboning there.

If it is inappropriate, such as instances that we discussed yesterday where the weapons are very destabilizing, where they are not defensive weapons, where they relate to chemical capacity or missile capacity, I think there is a lot we can do there.

So, I really think it is more the nature of the weaponry that will determine than anything else.

Senator **Pressler**. I had the chance to return to Vietnam earlier this year, where I had served some years ago in the Army. And I am a cosponsor of Senator McCain's legislation to establish interest sections there, in part because I think it would save us money. We are now intermittently sending people over from Bangkok to deal with the orderly departure program and so forth.

The Department has opposed Senator McCain's bill on establishing interest sections in Vietnam. Will you follow that policy?

Secretary-designate **Baker**. Again, I will have to look at that. But off the top of my head, I would think it might be a bit premature to do that, although we are pleased to see the Vietnamese leaving Cambodia. We have indicated to the Vietnamese that their departure from Cambodia is a condition of our moving toward any sort of normalization, that plus their satisfaction of us on the POW-MIA issue.

Senator **Pressler**. It was my general observation that presently we are dealing with this with special missions, actually a more expensive way and perhaps a less orderly way. Also, if there are any prisoners of war there, which I personally doubt at this point, but if there are, we would have a better chance of finding them if we had some American continuing presence in Vietnam could be contacted if they have information on the MIA's. We would have people moving around the country.

Would that be your judgment?

Secretary-designate **Baker**. Yes, I think that is correct. From that standpoint, it would be an advantage. But I do think you need to weigh against that the perception that you would be in fact moving toward normalization before the Vietnamese had left Cambodia and before we had had a resolution of the POW-MIA issue.

Senator **Pressler**. Thank you, Mr. Chairman.

The **Chairman**. Thank you very much.

Senator Dodd.

Senator **Dodd**. Thank you, Mr. Chairman.

Mr. Secretary, I wonder if you might give us some thoughts on human rights as part and parcel of our foreign policy initiatives. Over the last 15 years or so, we have seen the issue of human rights elevated. Not that it was unimportant in the past. In fact, in the late forties and fifties it was arguably even more important to many in this country.

But nonetheless, we have seen it elevated to a much higher level than it had been in the past. I wonder if you might share with the committee your views on how human rights ought to relate to our national security policy, how it fits in in your view, and how you would anticipate it to fit in under the Bush administration?

As part of that, please discuss—recalling earlier statements about distinctions between authoritarian and totalitarian governments and the different standards regarding human rights violations in those situations—whether or not you believe that a different standard ought to be applied, if so why, and if not why not?

Secretary-designate **Baker**. Well, I think that human rights, as I have indicated earlier in my testimony here in answer to questions, is one of the very basic foundations of our foreign policy and, for that matter, our national security policy.

I think we should—I am pleased to see the increased emphasis that that has received in recent years, as I am sure you are. I think it is important because I think it is a concern for human rights and freedom that sets the United States apart from many other nations in the world. So, I think it is very important that we keep it as a major component.

I also said yesterday that I do not think that we should distinguish in our human rights standards in application between situations where human rights are violated on the left or situations where human rights are violated on the right. I think our standards ought to be straight and we ought to play it down the middle.

So, you ask me, are there ever any situations in which the national security interests of the United States would require that we somehow——

Senator **Dodd**. I did not ask that.

Secretary-designate **Baker**. But that is really what your question is.

Senator **Dodd**. How do you try and balance that in your view? What criteria would you use? How do you approach that?

Secretary-designate **Baker**. Well, I think the criteria you use is to approach it on the basis I have just outlined first. That should be our standard and that should be our guide and that should be our goal and our driving philosophy.

I suppose that occasionally there will be situations where—and I cannot pinpoint one and would not, and I do not have one in mind—where we will not get 100 percent of what we would like in human rights performance from a particular nation whose policies might have a major, major impact on the national security interest of the United States.

So, I think that you do have to have some degree of flexibility, and you cannot be too rigid or you will wrap yourself up in too much redtape. I think that you have got to be flexible.

I really think we should think very long and hard about coming off of that major standard that I have just outlined.

Senator **Dodd**. I appreciate that and I do not have any difficulty with that response, either.

There are four outstanding treaties, or covenants, that have been submitted over the years, some were originally drafted as far back as 1951. In fact, the United States was the country that insisted upon many of them at the outset, and was principally involved in the crafting of them.

I am speaking of the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights, and the Civil and Political Covenants Optional Protocol, and the American Convention on Human Rights.

I think a few were signed in the Nixon administration, and then, in a couple of cases, in the Carter administration. But, in general, they've been languishing up here.

Secretary-designate **Baker**. These are treaties?

Senator **Dodd**. Treaties or covenants. I think they all fall under the treaty category.

They are covenants. The three I mentioned are covenants. The last is the American Convention on Human Rights, which would fall under the treaty category. They would be treated as treaties certainly for purposes of ratification. They require Senate ratification. There are others as well.

Secretary-designate **Baker**. Are they multilateral covenants or bilateral?

Senator **Dodd**. They are multilateral.

With all the outstanding treaties that are around, including those which have been signed and to which nothing has happened, I wonder if we could get a priority list from the administration about which of those treaties you would like to see this institution move on.

You may make the decision you prefer we didn't move on any of them. But it might be helpful to us in terms of our workload.

Secretary-designate **Baker**. Well, let us take a look at it and we will do so.

Senator **Dodd**. With regard to these specific ones, I do not know if you have had a chance to examine them at all in preparation.

Secretary-designate **Baker**. No, I have not.

Senator **Dodd**. Well, I would appreciate it if you would take a look specifically at those, because they put us in that situation. Now, there are some legitimate concerns in my view over the issue of sovereignty that have been raised by some, but they are not insurmountable concerns in my view, either.

We were able to deal with the Genocide Convention, which had been around since the late forties, in the last Congress. I think we can deal with these as well.

I would also like to raise the issue of the International Court of Justice. The Reagan administration decided to recuse the United

States from compulsory jurisdiction of the court, you may recall, around the mining of the Nicaraguan harbor issue. It was that situation which caused us to change a position we had held since the court was founded.

Secretary-designate **Baker**. Excuse me, Senator Dodd, but I did not realize that. I did not realize that we had ever—and I am far from an expert on this, but I did not know that we had ever submitted ourselves to the compulsory jurisdiction of the ICJ.

Senator **Dodd**. We have held ourselves in that group—there are about 50 nations—which allowed itself or put itself in that position. We felt that strongly about it. In fact, we were, in many ways, the authors and the founders of the International Court of Justice.

Secretary-designate **Baker**. Yes.

Senator **Dodd**. So, up until that decision——

Secretary-designate **Baker**. We had never argued no jurisdiction?

Senator **Dodd**. No. In fact, we used the court on the Iranian issue.

We now are in an awkward situation as we approach the Moscow conference in 1991. Look at the nations whose company we share, of those who recuse themselves: Afghanistan, Albania, Algeria, Angola, China, Byelorussia, Czechoslovakia, Hungary, Iran, Iraq, Libya, Mongolia, Mozambique, Poland, it goes down the list, and ourselves.

They are not the only ones. They are not just Marxist countries or South Africa or rightwing regimes, as in the case of Paraguay.

But it seems to me that if we are moving in that direction where we believe international human rights are important, then there ought to be some multilateral agreements on these things. We are coming up to that point. It might not be a bad approach to reexamine the issue of the compulsory jurisdiction of the court. I would just raise it as something for you to look at.

Secretary-designate **Baker**. But would not the appropriate time to do that be the next time we were called upon to answer in the court?

Senator **Dodd**. Well, it seems to me, yes, you can say that. But the problem is what happens, as you can imagine, is you get the self-fulfilling prophecy. I mean, countries will agree to submit themselves to the jurisdiction of the court when they are comfortable with it, when it serves their interest.

We were angry when Iran would not submit itself to it with regard to the legitimate points we raised at that particular juncture.

If you are going to have countries being able to move in and out of that forum depending on whether or not they think they are going to like the outcome or not, then you might as well abandon the whole process. It has become sort of moot in my view.

It seems to me that most of the countries who are presently recusing themselves from the jurisdiction of the court have Marxist governments. It may not be a bad issue to examine prior to the Moscow conference in 1991.

Finally, let me just make a comment and ask you to comment on it, if you would. Senator Sarbanes and I just recently came back from about 3 weeks in Chile, Argentina, Uruguay, and Brazil. In the case of a country like Uruguay, which is clearly now moving in the democratic column and strongly so, one of the complaints that we oftentimes hear is that once countries move in that direction they do not seem to get the same degree of attention that they do when there are problems.

This raises questions about our commitment to the democratic process. We seem to be more concerned about nations that are on the cusp, if you will, or possibly moving in the other direction, rather than providing consistent support once countries have moved toward democracy.

And I cite the case of Uruguay as an example. Costa Rica is another which now for almost 50 years has sustained democratic government. Guatemala is clearly moving in that direction now.

Again, the notion remains—I am sure you have heard this as well—that "once we move in that direction, clearly we do not seem to get the same degree of support and backing that we did when we had a group of guerrillas."

Secretary-designate **Baker**. The squeaky wheel syndrome.

Senator **Dodd**. Yes, exactly.

The **Chairman**. Thank you very much, Senator Dodd.

Senator Humphrey.

Senator **Humphrey**. Thank you, Mr. Chairman.

Mr. Secretary, Senator Kassebaum earlier this morning raised the subject of Lebanon. I want to second her concern. The President cannot win everywhere, and certainly one of the places where this administration did not win was Lebanon.

And I understand there is sort of a gunshyness at the State Department now about dealing with that situation, and I wanted to underscore the importance of undertaking anew an effort to bring some order and permanence of government to that troubled country, not only for the sake of the people of Lebanon itself, but as importantly for the sake of Israel, whose northern frontier can never be secure with Lebanon in turmoil.

You will recall rocket attacks being launched from Lebanon onto Israel, terrorist attacks being launched from there. And that of course was the reason Israel had to invade Lebanon, at great cost, probably setting back the peace process, so-called, years.

And it is important that we not let past failures there scare us away from undertaking anew an effort to bring some order to that place. And so I would urge you in the next few weeks to, along with all the other things you have been urged to do by members of this prescient committee, to have a close look at that.

Flying across the Middle East and Asia over to Taiwan, we all, this Senator anyway and I think all of us, applaud the beginnings of liberalization on the mainland, just as we applaud those in Moscow. But they are only beginnings and, as you said, we want more than just the rhetoric of change; we want real change.

What is important is that we continue to stand by our pledges to Taiwan, as I prefer to call it, the Republic of China. Are you aware of, have you been briefed on, any weapons requests made by Taiwan to us?

Secretary-designate **Baker**. I am aware generally, Senator Humphrey, that there may be one request in the pipeline. I am not aware of the specifics.

Senator HUMPHREY. Well, you have emphasized your intention to seek a bipartisan foreign policy and to consult with Congress. Would you be willing to advise us of requests from Taiwan in the area of weapons, so that we can monitor from time to time whether Taiwan's security needs are being met according to our pledges?

Secretary-designate BAKER. Well, I think so. I do not see any reason why we should not do that.

You are talking about requests that we intend to submit or just requests?

Senator HUMPHREY. Requests.

Secretary-designate BAKER. Requests. Yes, I have no problem doing that.

Senator HUMPHREY. Thank you.

Secretary-designate BAKER. Let me say this, Senator, since you have a particular interest there, and let me say that I do, too. And I think that I would like to make it clear for the record that we intend to remain a reliable friend of Taiwan.

We do have some trade problems with Taiwan that you are aware of.

Senator HUMPHREY. Yes.

Secretary-designate BAKER. That we need to address and which Taiwan needs to address.

Senator HUMPHREY. Which Taiwan is striving to. They are doing one of the better jobs of trying to deal with it.

Secretary-designate BAKER. They are making progress, but more needs to be done.

Senator HUMPHREY. More needs to be done.

Secretary-designate BAKER. Both in the trade area and in the area of exchange rates.

Senator HUMPHREY. Yes. I am glad to hear you say that.

There has been some modest effort in this administration to—and this is moving now to the area of foreign assistance—some modest effort to shift the emphasis from government-to-government programs under AID to U.S. assistance to private entities as a way of breaking this cycle of government-to-government programs, as a way of breaking the cycle of supporting in effect socialism of one degree or another and encouraging free enterprise.

You made that wonderful statement about freedom coming from God, and economic freedom is one of the important freedoms, as well as political freedoms. At bottom line it means the property of one's labor being protected.

I would urge you—and I know you are inclined in this direction as a Texan and as a Republican, a self-described conservative, however pragmatic—to really put some emphasis on shifting our foreign assistance program in the way that we will be encouraging free enterprise and private ownership, private property, as opposed to continuing this now decades long cycle of assisting socialism, is what it really comes down to, government-to-government programs under which governments, foreign governments, spend the aid on government programs of one kind or another.

How do you feel about that?

Secretary-designate BAKER. Well, I have worked very, very hard to do that in my other capacity, in my prior capacity, as Secretary of the Treasury. And we have worked vigorously to get the International Monetary Fund, the World Bank, and other multilateral financial institutions to put more emphasis on the private sector, to make more loans to private sector efforts, to emphasize free market economic reforms.

And we have had some success. More and more, we see countries moving to that, as I indicated in my opening statement.

I think the same principles can well apply to foreign aid as foreign aid.

Senator HUMPHREY. I am glad to hear you say that.

Will you undertake a careful study of that situation. The progress that has been made within AID, as opposed to the multilateral organizations over which you had jurisdiction in the Treasury, has been minimal. There was a little division the Department set up, but not much has been done. And much needs to be done if we are going to get maximum value for our foreign assistance dollars.

Speaking of dollars, have you had a chance to review the budget submission sent up by the current Secretary of State?

Secretary-designate BAKER. No. I am familiar generally with the fact that it asks for $3.8 billion and there are a few of those categories I am familiar with. But I have not seen the detailed submission.

Senator HUMPHREY. Well, as I read it the total authorization requested——

Secretary-designate BAKER. Is $4.2 billion.

Senator HUMPHREY. Well, the figure I am reading here is $4.4 billion.

Secretary-designate BAKER. That boils down, though, I think to $3.8 billion-plus in actual appropriations.

Senator HUMPHREY. In any event, the bottom line is that the Department is requesting an 11-percent increase in 1990 over the estimate for 1989. That is rather an immodest increase, would you not say, 11 percent?

Secretary-designate BAKER. I am not prepared to judge it yet, Senator. I will have to take a look at it before I tell you whether it is immodest.

Senator HUMPHREY. Well, no doubt you will be sending up an amendment. But I hope that you will look particularly at the section on international commissions, conferences, and things of that kind. They look to be rather lavishly funded in this budget.

How much time do I have remaining?

The CHAIRMAN. Three minutes.

Senator HUMPHREY. Mr. Secretary, a number of people have mentioned the importance of India and Pakistan improving their mutual ties. I think you have referred to that in your own remarks, your own statement.

Do you have any ideas at this point on what can be done along those lines?

Secretary-designate BAKER. Well, I think that, as I indicated in answer to a question by Senator Moynihan yesterday, the United States' relationships with India are improving and have been for some time, and I think that will assist in ultimately seeing an improvement in India-Pakistan relations.

So will the withdrawal of the Soviets from Afghanistan. So will, I think, the successful election recently held in Pakistan, where we have a new Prime Minister. I think all of those things could move us in that direction.

Senator HUMPHREY. I am glad you highlighted the importance of the elections. Pakistan is to be credited for an orderly democratic transition from the tragic death of President Zia, particularly against the background of bullying at the hands of the Soviet Union.

Literally hundreds of Pakistani citizens have been killed by aircraft attacks, some of them we know flown by Soviet pilots because Soviet aircraft piloted by Soviet pilots have been shot down inside Pakistan. And far more have been killed by KGB-inspired terrorists inside Pakistan.

So, it is important that we stand close to Pakistan in the coming years. It is probably going to get more difficult in the next couple of years, rather than less. And I hope that you and President Bush will be as firmly committed to Pakistan's security as President Reagan has.

The CHAIRMAN. Thank you, Senator.

Senator Kerry.

Senator KERRY. Thank you very much, Mr. Chairman.

Mr. Secretary, as you know and I think have alluded to in the course of a number of questions here, the acid rain issue as an issue between ourselves and Canada has been the source of some discontent on both sides and in different quarters. I think that for more than 10 years now there has been a significant body of evidence correlating the Midwestern emissions with transboundary problems in Canada.

Indeed, the Canadian Government has frequently put that to our attention. They have in fact asked us in very specific terms to deal with acid rain, and there is a perception in many quarters on both sides of the border that they have been rebuffed in a direct way.

The attorney generals of the Northeastern States have seen fit to bring suit against the Federal Government in the last year in an effort to get action, and still that has not happened.

During the campaign, in a speech in Michigan on August 31 of last year, as a candidate the President-elect made the following statement. He said:

> On the question of acid rain, the time for study alone is past. We know enough now to begin taking steps to limit future damage. Action must be taken today even as scientific inquiry continues. It is an insurance policy against future disaster.
>
> As President, I will ask for a program to cut millions of tons of sulphur dioxide emissions by the year 2000 and to significantly reduce nitrogen oxide emissions as well. I will work out the exact amounts and the exact methodology with the Congress, but we must have a clear commitment to emissions reductions on a clear timetable.

And needless to say, many of us applaud that comment and look forward to trying to implement it. But my question to you at this moment is, the Clean Air Act recognizes the responsibility of the U.S. Government to act to deal with the problem of international transboundary emissions, and it authorizes you as Secretary of State to notify the administrator of the EPA of the need to act.

And I do not know if you have had a chance to familiarize yourself or if you are already familiar with section 115 of the act. It says:

> Whenever the administrator, upon receipt upon receipt of reports, surveys, or studies from any duly constituted international agency, has reason to believe that any air pollutant or pollutants emitted in the United States cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare in a foreign country, or whenever the Secretary of State requests him to do so with respect to such pollution which the Secretary of State alleges is of such a nature, the administrator shall give formal notification thereof to the Governor of the State in which those emissions originate and mandate action.

That means, Mr. Secretary, that if you so desired in terms of our relationship with Canada, without legislation, without further efforts between us, that you could take action which could improve that relationship and deal with the problem of acid rain and have significant impact on the Northeastern States which have brought that suit.

And I wonder what your attitude is toward taking such action or whether it is something that you would be willing to contemplate in view of the evidence as it now is.

Secretary-designate **Baker**. Senator Kerry, I think you will find a new approach to acid rain from this administration. You have noted the Vice President's campaign pledge in that regard and I am quite sure that he will want to move on that pledge at an early time during his administration.

I do think, though, that the administration should move as a whole, that it should be something that is well thought through and well thought out, because acid rain is not just an international problem, it is a domestic problem as well. And we need to deal with it both from the domestic standpoint and from the international standpoint.

Dealing with it from the international standpoint is going to require some discussions and negotiations with our neighbors, and there are some things that they will have to do as well in order to treat with the problem. So, I do not think that I would be inclined right off the bat to just send the notice over to EPA under that section of the Clean Air Act.

I do believe that it is a real problem, and it is quite obvious that the new President of the United States thinks it is a real problem. But I think it needs to be dealt with across the board in a coordinated and responsible way.

Senator **Kerry**. Well, I understand that and respect that. I think many of us would prefer to see a comprehensive approach.

If on the other hand, for whatever reasons, that gets frustrated—and it can be easily so frustrated, as I think you know, in the halls of this institution—is this a lever that you would contemplate utilizing in order to make real on a commitment of the President-elect?

Secretary-designate **Baker**. If you can guarantee me against impeachment if I did.

Senator **Kerry**. Well, I mean if only three States are involved, I think we can build a good coalition.

Secretary-designate **Baker**. I think there are a lot more than three States that are involved, Senator. But it is a real problem and we do have to work at it. You have my commitment to work at the problem, because I really do think it is a very serious matter.

Senator **Kerry**. I appreciate that, and I wanted to bring that to your attention. I would like to see us certainly contemplate, perhaps in those most egregious areas where the international problem exists, that that is a possible solution, that it might act as something of a carrot to some of those States.

Turning to a different area of inquiry, if I may, in your comments, which I reread last night—and I think overall, incidentally, it was a very comprehensive and significant statement in many respects—on page 13 you made the comment that: "It is time we regarded Mexico with the respect and the seriousness it warrants."

And I was struck by that because there seemed to be an implicit admission that there has not been respect and seriousness, perhaps, in the past. And maybe you did not intend that.

But I thought it worth pursuing, particularly in view of the question—we had a very acrimonious debate last year, as you remember, over the issue of narcotics cooperation, and there remains significant evidence of numbers of states, governors thereof, and other officials within Mexico who are significantly involved in narcotics trafficking. And that will certainly be one of the measures by which we will judge our relationship.

And I wonder how you might further articulate the nature of that relationship, so much as you believe it deserves more respect and seriousness, and how in giving it more respect and raising it to that level of seriousness we will simultaneously deal with this question of holding them accountable in terms of their law enforcement efforts and the criminal enterprise matter?

Secretary-designate **Baker**. It is a difficult balance, but it is a balance that we must maintain and it is a line that we must draw. I mean, we have every right to expect their full cooperation with us with respect to this issue of narcotics.

On the other hand, it is sometimes very easy for us to blame some of our problems on others and we have sometimes, I think, a tendency to do that. The whole issue of certification and all the rest really overlooks the question of one of the major problems, one of the major causes of the drug problem, and that is the whole demand-side question.

Yes, the supply side is important, and it is important that we do what we can to interdict, and it is important that we see to it that our allies and our neighbors work with us to deal with this terrible problem of the scourge of drugs. But there is a balance that must be maintained.

Senator **Kerry**. Well, I understand that.

Secretary-designate **Baker**. And we have, you know, achieved some real progress, I think, Senator, in compliance by the Mexican Government with requests that we have made, reasonable requests that we have made. They are spending a fair amount of their time and treasure in seeking to get a handle on this problem.

Are there instances of corruption still extant? Perhaps yes, there are. And have we arrived at a utopian situation? Not by a long shot. We should continue to work the problem.

Senator **Kerry**. I am about to run out of time and I wanted to just follow up on one other question that I think is an example of the problem and I would like to ask if you have any special response to it very quickly. Colombia—well, I do not really have time.

Secretary-designate **Baker**. Let me just very quickly say, I think Colombia is working very hard to try and help in this area, and they are losing members of the judiciary. They are losing government officials.

Senator **Kerry**. That is what I was going to ask you, if you had any special response. Colombia, you cannot get people to sit on the bench now for fear of being assassinated.

Secretary-designate **Baker**. Very difficult.

Senator **Kerry**. Is there any special response you think we might undertake in that effort to try to deal with the reclaiming, if you will, of the democracies in the region?

Secretary-designate **Baker**. Beyond what we are doing and continuing to take those steps, I do not know that there is a lot. I do not have anything to suggest right here this morning beyond what we have been doing.

Senator **Kerry**. Thank you, Mr. Chairman.

The **Chairman**. Thank you very much.

Senator Mack.

Senator **Mack**. Thank you, Mr. Chairman.

And good afternoon.

Secretary-designate **Baker**. Senator.

Senator **Mack**. Several months ago, Secretary Shultz was faced with a decision about whether to grant a visa to Yasser Arafat to address the United Nations. An overwhelming majority of the American people supported that decision, and it appears now that you may be faced with making a similar decision, according to an article yesterday in the Washington Post that reported that Yasser Arafat had accepted an invitation to address a convention here in Washington on April 13.

And I was curious as to what your feelings were with respect to the decision that Secretary Shultz made and if you plan to continue that policy that he established.

Secretary-designate **Baker**. Well, I cannot tell you what I would or would not do, Senator, if a visa request came in. I can say that there is a difference here between a request for a visa in conjunction with a speaking appearance, let us say in Washington, DC, and a request for a visa in conjunction with an appearance before the United Nations. I think those two things are different.

But I am not in a position to prejudge what we might or might not do if we were to receive a visa request, let us say, for an appearance some time in April. We just have to judge the circumstances and the situation at the time.

Senator **Mack**. Do you sense that there have been changes, though, that would lead you to believe that there would be a greater opportunity that a visa would be granted?

Secretary-designate **Baker**. I really do not want to comment beyond what I have just said, because I do not want there to be any suggestion I am trying to tilt the issue one way or the other. I really do believe it is going to depend on what the situation is at the time if a request is received.

And one has not been received and there is some reason to believe, I think, that the report that you read in the paper might be somewhat exaggerated.

Senator **Mack**. Let me go back to an area that we were discussing yesterday, on credits from the West to the Soviet Union. You had indicated that you do not support any form of subsidized credits and questioned the effectiveness of moving unilaterally against commercial trade credits.

But there is another area, of untied credits. In the last 4 years the volume of loans to the Soviet Union has almost doubled. About 80 percent of those credits are untied, meaning that they are not related to any specific trade transaction. In other words, a cash transfer.

And I just want to comment——

Secretary-designate **Baker**. You mean just an open loan, that is what you are talking about?

Senator **Mack**. Yes, but nothing tied to it, no specific transaction.

Secretary-designate **Baker**. Right.

Senator **Mack**. No construction project.

Secretary-designate **Baker**. That is right, it is just a loan.

Senator **Mack**. In November President-elect Bush said in an interview:

> We want to put Gorbachev in a position where he has to make hard choices and pull back from defense spending. If we give him enough money without stipulating as to how it is to be spent, we make it possible for him to avoid making these fundamental decisions. * * * So, we do not want untied loans or credits.

And I really have a couple of questions. Do you think we should know where the money is going and how it is being spent? How can we get greater discipline and transparency in Western lending to the Soviet bloc?

Secretary-designate **Baker**. I think that it is not unreasonable to think that we would like to see a bit more transparency. The only way we can get it is through building a consensus among the allies. We cannot get it ourselves.

The idea that we are going to step out here and somehow sanction untied credits is, as I indicated to you yesterday, I just think totally unworkable. I do believe there may be some room for us to continue to consult with our allies in this area.

We might be able to achieve a bit more transparency. I think it will remain to be seen what their reaction to those consultations would be.

Senator **Mack**. It does seem, though, that if we are going to put some teeth into President-elect Bush's feelings, that there is going to have to be some way to control that credit.

Secretary-designate **Baker**. It is tough, very tough, a very tough thing to do. You know, you could pass a law saying U.S. banks cannot do it, and that would make a lot of foreign banks around the world very happy.

Senator **Mack**. Let me move to another area that has been mentioned several times during the last few days, and it is the whole issue of Third World debt. And I just in a very broad sense would be interested in hearing from you what you perceive your role and the State Department's role as we move forward in trying to come up with a solution with respect to Third World debt.

I am thinking even more specifically of Latin America. I was really impressed by the achievements that have been made with respect to Mexico. One of the things that I saw recently, for example, privatization, they went from something like 750 companies being controlled by government in 1983 to less than 50 today, which is a significant accomplishment.

There has been a reduction in their tax rates. There has been deregulation. And I think when you couple President Salinas' move last week against the union, I mean, there are some great things happening in Mexico, and it seems to me that Mexico may in fact be the area that we ought to try to find some accommodation to reduce the burden even further, which sends a message to the rest of the world and the rest of Latin America that, if you restructure your economies, if you do the things that we spend so much time talking about that we would like to see countries do, what a message that would be to encourage others to follow suit.

Secretary-designate **Baker**. That is absolutely right, Senator. And we have basically tried to do that in our economic and our financial relationships with Mexico. We have made them a number of bridge loans from the Treasury. We have worked, as I indicated earlier, worked out this zero-coupon Treasury bond-swap arrangement, and we were hopeful that that would amount to more than it did. And maybe a future variation of that can.

But you are quite right, and Mexico is not the only country that has done a lot to reform its economy and move to a more free market type economic system. There are others that have as well.

And of course, one reason they have done so is because there has been the carrot out there of some additional capital flows from the World Bank or the IMF, or in some instances from private lenders. And we need to continue to work in that direction so that more of these countries will change what are inefficient economic systems so they can find a way to grow their way back. That is very important.

Now, we need, and I quite agree with you that we need, to take further steps with Mexico if we can find other ways that we can help them voluntarily reduce the stock of that debt, because they are taking some action.

Senator **Mack**. Let me go back just to the initial point, though. In a general way, what role do you and the State Department play?

Secretary-designate **Baker**. Fine. I am sorry, I meant to answer that, too. It is my view that this issue, being primarily an economic one, although we must recognize its political implications, the leadership is probably best left at the Treasury Department, and that is where I would expect to see the issue, where the leadership in the new administration should be on this issue.

At the same time, there are important political issues involved here and the State Department will have a role to play in the interagency process, in the development of refinements to our debt strategy, and in dealing with this issue.

Senator **Mack**. I guess the reason I am dwelling on it from this point of view is that I do think that it is important that that point about political concerns——

Secretary-designate **Baker**. Absolutely.

Senator **Mack** [continuing]. Be continually delivered, to keep moving the process forward, because I think it is so important. We have seen, history indicates to us that there are times when financial arrangements among nations in fact have caused war, both among nations and political strife within nations.

And I just again would encourage you to keep it up.

Secretary-designate **Baker**. It is very important to the United States that these fledgling democracies in Latin America survive, and I think that is the point that you are making.

Senator **Mack**. I yield back the balance of my time.

The **Chairman**. Thank you very much.

Senator Sanford.

Senator **Sanford**. Mr. Chairman, I apologize for not being here, but I was attending a hearing in the Budget Committee. I think the Secretary has answered questions in a very remarkable way, covering an extremely broad field. With the nature of his job, we could probably question him for 4 or 5 days running.

As far as I am concerned, I think he is going to make an outstanding Secretary of State, and I am ready to vote.

Secretary-designate **Baker**. Thank you, Senator.

The **Chairman**. Sorry, I missed that. What did you say, Senator?

Senator **Sanford**. I said I thought he was going to make an excellent Secretary of State and I am ready to vote.

The **Chairman**. I am almost in the same position. I think everybody has had their turn.

Senator **Humphrey**. May I ask one quick question, Mr. Chairman?

The **Chairman**. Certainly.

Senator **Humphrey**. It may be, Mr. Secretary, you have already covered this in your discourse with Senator Helms. But with regards to Angola, the President-elect sent a letter to Jonas Savimbi pledging continued material support. The question I want to ask is—and this is tied to national reconciliation, which is a rather murky term—what was meant, what is meant in this context and in the context of the letter and the pledge by "national reconciliation" in Angola?

Secretary-designate **Baker**. Well, in my view "national reconciliation" means the emergence of a government that reconciles the competing views of the present government and the movement that Dr. Savimbi represents in a manner that is satisfactory to both.

Senator **Humphrey**. In other words, if it is satisfactory to Dr. Savimbi, you would judge that to be——

Secretary-designate **Baker**. Yes. I do not think we can step in and put in an objective standard there. I think "national reconciliation" means that the two forces there that are not reconciled now reconcile on a basis that is mutually satisfactory.

Senator **Humphrey**. I agree, but what if he does not agree? What if Savimbi does not judge that this is genuine reconciliation?

Secretary-designate **Baker**. Well, then you do not have, in my view, you do not have national reconciliation.

Senator **Humphrey**. And therefore assistance would continue?

Secretary-designate **Baker**. Well, you would not have national reconciliation, and the Vice President's letter speaks for itself.

The **Chairman**. Thank you very much.

Incidentally, we have run through a second round. Only Senators Moynihan, Robb, and McConnell have not had an opportunity to speak in this round. We will be recessing shortly and coming back at 2 o'clock and hoping they will be here and everybody for the third round will be accommodated.

I understand Senator Simon had a question he wanted to ask right now.

Senator SIMON. As long as I get another round—let me just take advantage of the time here. Yesterday there was an exchange, and I forget with who, on exchange programs, whether the Soviets are offering more than we are.

The reality is, in almost every developing nation the Soviets are offering many times more scholarships than we are. That does not mean that there are more students going to the Soviet Union, but it means for people of limited income they have much greater opportunity.

And frankly, I think we hurt ourselves in the long run by not making those opportunities. It is an area where I think we ought to do better.

Let me mention one other area where we have a problem, where I do not expect an answer from you right now, but if you could instruct your staff to get together with the Department of Education and maybe in the next 90 days give me a response here.

We at the university level have taken an interest just by whim, almost—when the Afghanistan situation arose, all of a sudden we discovered that the University of Nebraska at Omaha had taken an interest in Afghanistan, and we had a resource that was there.

There are a few other examples that could be mentioned. But when all of a sudden Burma exploded on us, there was no university resource in the Nation. Senator Pressler asked about the Albanian section of Yugoslavia. Albania itself is a country that one of these days is going to change.

But we ought to somewhere have a college or university, in North Carolina or Rhode Island or Illinois or New Hampshire, or maybe even Texas, that is that resource. We should not just be looking at countries because some university professor decided, let us take a look here. We really ought to have an inventory where some university gets journals, where you have a base to be leaning upon.

And I recognize this is not simply your jurisdiction, but I think it is something that merits a good look on the part of your Department and the part of the Department of Education.

Secretary-designate BAKER. All right, sir, we will do so.

Senator SIMON. Good, and if I can have a response say in 90 days from either you or Secretary Cavazos on that.

Secretary-designate BAKER. Did you say 90 to 120?

Senator SIMON. We will make it 90 to——

Secretary-designate BAKER. Ninety is all right. We will do 90.

Senator SIMON. All right.

Senator HUMPHREY. Mr. Chairman, one comment if I may. Originally those of us who are not members of this committee yet were told we were not going to be able to vote. Now I am told that has changed. But on the basis of the first information, I have made plans not to be here tomorrow.

So, I just want to say and be the first, however unofficially, to cast my vote in favor of confirmation. I will not be here.

Senator SIMON. You may ruin his chances here. [Laughter.]

Senator HUMPHREY. Thank you very much.

The CHAIRMAN. Certainly.

I would add that Senator Helms has a few questions, a couple questions here. I have a couple, too. Theoretically that would be in the third round, but we will ask Senator Helms to go ahead now and we will meet again at 2 o'clock, hoping that the three musketeers who are still missing would turn up.

Senator HELMS. Mr. Chairman, thank you very much.

Mr. Secretary, let me make a suggestion to you that I think would clear the air, the air has needed being cleared for a number of years. It relates to El Salvador. The major news media of this country never mention Roberto D'Aubuisson's name without saying "said to be connected with the death squads."

But I have tried for years to find justification for that. I have talked with the CIA and of course I cannot discuss what they said, but I will say that they have indicated to me that they have no such evidence.

But I would like to ask you as Secretary of State as soon as may be practicable to release whatever information, good or bad, about Mr. D'Aubuisson. I do not know the man beyond two or three visits with him. One time I went over with George Shultz to El Salvador on a little mission suggested by President Reagan to try to unify the political forces down there, and I think that happened.

But be that as it may, I hope that, in fairness to this man, whether he is guilty or not guilty of what the press continually says, and the television in particular, that whatever the facts are, that they be laid out.

Now, D'Aubuisson was the author of the constitution down there, which is patterned closely after the U.S. Constitution. In 1984 when he was running against Mr. Duarte, he carried 10 out of 14 states and he lost the election in San Salvador, where Mr. Duarte's son was the mayor, and that sort of thing.

But in any case, Mr. Secretary, in 1984 I asked the State Department about the reports that I had received, and they were credible reports, that the CIA was covertly pumping money into the presidential campaign of Mr. Duarte. The purpose was obviously to defeat the centrist party in El Salvador, and that happened.

Now, the State Department said, "Oh, this is not so, it did not happen, we do not know anything about it." But subsequently it was substantiated and confirmed that the CIA pumped about $2 million into that election.

And by the way, the ARENA Party platform was a little to the left of the Republican Party platform, and I call it the centrist party.

Now, I hope that will not happen again, because the Salvadoran people are preparing for an election in this coming March, and once again I am receiving information from reliable sources that the United States is covertly funding the presidential campaign of the Christian Democratic Party, which is a leftist party down there.

Now, I think that the people of Salvador are perfectly competent to make their own judgments about whom they want to lead them. I just want to know, do you agree that the United States should let the Salvadoran people freely elect their President as they choose, without interference by the United States Government?

Secretary-designate BAKER. Senator, I am not familiar with what you have suggested is taking place. I would like to check into that and, if it is true, find out what the rationale or reason and purpose is behind it, and then answer your question.

Senator HELMS. But as a general proposition, you do agree that we ought not be pumping money into a political campaign in El Salvador or anywhere else, is that right? Do you agree?

Secretary-designate BAKER. Well, generally speaking I agree with that, yes. There have, I suppose, been occasions in the past where it has been in the national security interest of the United States that parties or personalities inimical to the United States not win elections, and in duly approved covert actions I suppose there could be instances where it would not be inappropriate.

So, I cannot just give you a totally blank——

Senator HELMS. Do you consider this information that ought to be shared with this committee?

Secretary-designate BAKER. Yes, sir. That is why I said I would be glad to check into what the facts are and share that, share those facts with you, in executive session if there is anything that would require closed session.

Senator HELMS. Well, I hope you will include various groups, such as AIFLD, which you know about, the Konrad Adenauer Foundation, AID, DOD, CIA, or the Venezuelan Foundation, IVEPO I think it is pronounced. I just want to know if anybody is providing funds for an election.

I still think without any equivocation, particularly at a time when the United States Government is supporting Communist governments, vis-a-vis Mozambique, and—well, I will not go any further.

Senator SIMON. Will my colleague yield for a minute?

Senator HELMS. I believe I will not, and I will yield in just a moment.

Senator SIMON. OK.

Senator HELMS. But I want to finish two or three other questions.

By the end of this year, Mr. Secretary, Panama must submit to President Bush the name of the Panamanian choice to be the administrator of the Panama Canal. At that point, Mr. Bush must either accept the choice or deny the choice, as you know. And if he accepts the choice, the name will be sent to the Senate for confirmation.

Last night I got out the Constitution of the United States and I was reading article VI, which states:

> The Senators and Representatives before mentioned and the members of the several state legislatures and all executive and judicial officers both of the United States and of the several states shall be bound by oath or affirmation to support this Constitution.

Very well. Now, since the administrator of the Panama Canal is an executive officer of the United States appointed by the President and confirmed by the Senate, will you recommend to the

President that he not accept any Panamanian candidate who refuses to be bound by oath or affirmation to support the Constitution of the United States?

Secretary-designate **Baker**. Senator, I cannot believe that that was not looked into at the time that arrangement was worked out. And again, before I answer your question I would like to check the record and see whether or not, see how they handled that issue in negotiating that arrangement.

Generally speaking, I would be inclined to say "Yes" to your question, but I really would like to look and see whether or not they have considered this question in working out this arrangement.

Senator **Helms**. Well, I do not want us to be in the position of locking the barn door after the horse has galloped away. I hope you will have someone look into that and advise the committee or me, both.

[The material referred to appears in the appendix.]

Senator **Helms**. Let us talk about Noriega. Is it your recommendation or would it be your recommendation to the Bush administration and to the President that this Government employ every proper means to extradite Mr. Noriega and bring him to the United States to stand trial?

You know the history of how he was indicted by two Florida Federal grand juries. And according to the Geneva Protocol to the Single Convention on Narcotic Drugs of 1972, of which both Panama and the United States are ratifying parties, the legal basis for extraditing Mr. Noriega is clear. He has been charged in this country with narcotics and narcotics-related offenses found in the 1972 protocol.

Do you think the Bush administration will push for that?

Secretary-designate **Baker**. I do not think that there is much chance that we could expect to see Panama extradite General Noriega as long as he is in power there, Senator. But I do not suppose that it is unreasonable of us to expect it in light of the present circumstances.

Senator **Helms**. Well, a lot of things happen.

Secretary-designate **Baker**. When you say "all proper means," I do not know. I would like to reflect with you a little more on what that would encompass.

Senator **Helms**. A lot of things happen, Mr. Secretary, because we make them happen. You know that. You have done a lot of things because you have worked at it.

One other thing. The Panama Canal treaties as approved by the Senate guarantee the right to use military force in order to "meet danger threatening the security of the canal." It also permits the United States to "station, train, and move military forces within the Republic of Panama to protect and defend the canal."

Now, if push comes to shove there will not be any hesitancy on anybody's part to use whatever means necessary to defend that canal?

Secretary-designate **Baker**. To protect and defend the canal, I do not think you would see any hesitancy whatsoever.

Senator **Helms**. Very well.

Now, if I may, Mr. Chairman, let me just yield to my distinguished friend.

Senator **Simon**. And I will take just 1 minute.

I happen to differ with my distinguished colleague from North Carolina in his characterization of the parties in El Salvador. But I agree completely, we should not be funding—if we do it in El Salvador, what is to stop us from getting involved in funding political campaigns all over the face of the Earth?

I just think it is very, very bad policy, and I agree with my colleague from North Carolina completely.

Senator **Helms**. I thank the Senator, and I thank the Secretary.

Secretary-designate **Baker**. Thank you, Senator.

The **Chairman**. With that note, I think we will recess and reassemble at 2 o'clock this afternoon.

[Whereupon, at 12:33 p.m., the committee was recessed, to reconvene at 2 p.m. the same day.]

AFTERNOON SESSION

The committee met at 2 p.m., in room SH-216, Hart Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Helms, Lugar, McConnell, and Humphrey.

The **Chairman**. the committee will come to order.

None of the second round questioners has yet turned up, so I will ask some of my questions, if I may, which I want to get done with before we are through with the hearing. As soon as one of my colleagues comes, I will desist and await my proper turn.

Yesterday, the Inter-American Dialogue released its new report, advocating economic reform in Latin America in a variety of pretty good recommendations. It is under the coleadership of Sol Linowitz, and I look forward to reading the full report. I wanted to draw it to your attention, Secretary-designate Baker.

I would ask unanimous consent that the preface of the report be inserted into the official record of this hearing.

Without objection, it will be done.

[The information referred to appears in the appendix.]

The **Chairman**. I have long contended that the United States should take Nicaragua up on its offer to negotiate a bilateral accord, which would address major American security concerns, such as Nicaragua's military relationship with Cuba and the Soviet Union.

The report of this dialog also recommends that we conduct mutual security arrangement talks, and it is in our interest, in my view, to conduct bilateral talks with the Nicaraguans over this and other matters.

How do you intend to deal with Nicaragua?

Will there be, in your view, an exchange of Ambassadors in the near future?

STATEMENT OF HON. JAMES A. BAKER III, OF TEXAS, TO BE SECRETARY OF STATE

Secretary-designate **Baker**. Well, Mr. Chairman, as I have said before, I recognize that this topic has been a very contentious one in our foreign policy. I hope, as I have indicated, that we can work with the Congress to fashion a truly bipartisan approach in this area because I firmly believe that a bipartisan approach is required if we are going to succeed.

I goes without saying that Central America is a key strategic region for the United States, and I don't think that we can afford to ignore the role that the Soviet Union has been playing there as the patron of Nicaragua, and the fact that they have furnished about $1 billion in 1986 and 1987 in economic and military aid. So, I think it is a matter of fashioning a bipartisan approach and being firm and being consistent in our approach, insisting as much upon the observance of human rights in Nicaragua as we are inclined to do with respect to some other Central American countries.

The Reagan administration, as you know, Mr. Chairman, tried on several occasions in 1984, to sit down and talk with the Sandinistas. The Sandinistas were particularly intransigent, and they seemed, at that time at least, to see negotiations as some sort of public relations tool.

I have suggested that what we need in order to fashion a bipartisan approach down there is perhaps some schedule and some mechanism that would permit the Arias plan to succeed, some enforcement mechanism to ensure that the parties matched their words with their deeds. It would only be after we saw deeds that I think we would be willing to consider some sort of direct discussions, only after we saw some action.

Again, I think the Esquipulas II accords form a basis for proceeding, if we can find an enforcement mechanism.

The **Chairman**. I would just observe that the worse the relations are with a nation, the more important it is, in my mind, that we have an ambassador there for some kind of high-level communication.

I would leave that thought with you.

As a matter of comity, since only the ranking member and I are now here, I would defer to the ranking member, who I know also has some cleanup questions.

Senator **Helms**. Thank you.

Mr. Secretary, I know that you can't read everything; certainly I can't. It was sent down by fax down in Raleigh——

Secretary-designate **Baker**. By what, Senator—by who?

Senator **Helms** [continuing]. By telecopier, an item from the New York Times on January 8: "U.N.'s Angola Mission To Take Cuba at Its Word."

I must confess that I do not know Pericles Ferrera-Gomez, a Brazilian brigadier general, who arrived here last week to command the United Nations Angola Verification Mission.

Are you familiar with him?

Secretary-designate **Baker**. No, sir, I'm not. I am familiar with the article that you're talking about. I read that myself, and I found it somewhat disturbing.

Senator **Helms**. So did I. I'm glad to hear that, but I'm not surprised.

I don't know where this fellow is coming from.

This story in the New York Times, if true—and I believe some of the stuff I read in the New York Times—he made clear that he and other members of the U.N. Angola Verification Mission will essentially take Cuba's word and Angola's word for it, when the team is told of Cuban troop withdrawals. "We will trust the information given by both countries, Cuba and Angola," he said.

A UNITA spokesman properly countered. He said, "They need to do a little more work than just sitting at the airport counting Cubans."

Since you have the same concerns about this, what do you think we ought to do or ought to be done about this verification team?

Secretary-designate **Baker**. Well, as I indicated in testimony yesterday, Senator Helms, we're not going to be relying solely upon the U.N. verification team.

Senator **Helms**. That's a blessing.

Secretary-designate **Baker**. We'll be using such other means as are available to us to determine the scope and extent of withdrawal.

At the same time, I think it's fair for the United States, if we're going to fund a portion of that peacekeeping force, to make it clear to the U.N. that we expect them to pursue the objectives for which they are there.

Senator **Helms**. You have anticipated my next question. If that's all we're going to get for our money, I think we ought to keep it and pay off a little bit of the national debt.

This is not a very impressive assessment.

Now I have it reported very reliably to me, and I'm sure you do as well, that the Cubans have been searching around for other countries that would consider hosting the troops being withdrawn from Angola, and specifically, according to my information, the Cubans have talked to Ethiopia, Mozambique, Zimbabwe, and also Nicaragua, as a matter of fact.

Are you familiar with that?

Secretary-designate **Baker**. No, sir, I'm not.

Senator **Helms**. So, you don't know whether the Cuban Government, Mr. Castro, made any contact at all.

Well, let's assume, just for the point of speculation, that this is going on and that these countries will agree to host these Cuban troops, which Castro definitely does not want to come back to Cuba. He's already got an unemployment problem; a lot of them have intermarried; there's a lot of AIDS among the troops, and that sort of thing.

But would an increase in Cuban forces in other African countries violate the agreement that Chet Crocker worked out?

Secretary-designate **Baker**. I'm not sure that that would technically violate the agreement. At the same time, I'm not sure that it's something we would look on with much favor, Senator.

Could I take this opportunity to answer in a little more detail a question you asked me yesterday?

You asked me a question about whether or not there were any understandings limiting Cuban action against UNITA. I told you I was not aware of any.

I have since checked into that, and at the Geneva round of negotiations last August, the parties discussed a number of concrete steps to disengage military forces in Angola and steps that they could take to build confidence.

In that discussion, it evidently was agreed that in the context of the withdrawal of South African military forces from Angola and the continued progress toward a global settlement, Cuban forces in Angola would not move south of the positions in Angola that they occupied at that time.

This undertaking had the effect of ruling out Cuban participation in offensive operations in territory that was controlled by UNITA. That understanding, as best I believe, remains in effect.

According to the formal accords that were signed December 22 in New York, all Cuban forces are to be redeployed north of parallel 15 by August 1, 1989. I think you alluded to July 1 yesterday, but I believe it's August 1, and north of parallel 13 by October 31, 1989.

These redeployments, of course, would make it impossible for Cuban forces to participate in offensive actions in UNITA-controlled areas south of those lines. Since their base areas lie to the south of parallel 15 and virtually all of UNITA-controlled territory lies to the south of parallel 13, Cuban implementation of these provisions would make it impossible for Cuban forces to take part in any effort to crush UNITA militarily.

Senator HELMS. Why would it be impossible? Does the memorandum say?

Secretary-designate BAKER. Just the physical location of forces on the ground.

If the understandings are lived up to, and by virtue of the location of physical forces on the ground, it would be impossible.

Senator HELMS. Well, who is going to enforce that?

Secretary-designate BAKER. The agreement?

Senator HELMS. Yes.

Secretary-designate BAKER. Well, I suppose it will be enforced the way the other elements of the agreements are enforced, through observer teams. We'll have an interest, of course, in seeing to it that the agreements are lived up to, as will South Africa, and as will the other parties to the agreement.

Senator HELMS. Well, if the—oh, speculative questions are not very good, so I won't ask one.

Under the recent agreement, implementation of U.N. Resolution No. 435 assumes that the United Nations will oversee the conduct of free and fair elections in Namibia.

However, I believe it is demonstrable that the United Nations has consistently passed resolutions declaring that SWAPO is the sole and authentic voice of the Namibian people and has provided millions of dollars each year to SWAPO.

Now, do you have in mind any effort to make sure, or even to require the U.N. to demonstrate its impartiality by stopping its funding of SWAPO and renouncing the view that SWAPO is, in fact, the sole and authentic voice of the Namibian people?

Secretary-designate **Baker**. We had not considered that, Senator. I would be glad to take a look at it.

Senator **Helms**. I wish you would.

Secretary-designate **Baker**. I'd be glad to.

Senator **Helms**. You know about SWAPO as well as I do. I think the lawyers have an expression, "reductio ad absurdum," to say that SWAPO is the sole and authentic voice of the people.

I was interested in the report of the Vice President's Task Force on Combating Terrorism, in which 52 terrorist organizations are identified.

Would it be the position of the new administration that each of the 52 terrorist organizations identified in the Vice President's Task Force report—I have just been handed a copy of it [indicating]—must renounce the use of terrorism before the U.S. Government will deal with them?

Secretary-designate **Baker**. That sounds reasonable to me, and I would imagine that would be the policy, without having expressly considered it.

Senator **Helms**. Charles Redman, a spokesman for the State Department, immediately disputed the task force designation of the African National Congress as a terrorist organization. I was amazed at that because this is the crowd that put the tires around the necks of people who disagreed with them, filled them with gasoline, and set them on fire. If that's not terrorism, I can't imagine a more accurate definition of "terrorism."

Mr. Redman said, and I quote his amazing statement,

> The U.S. Government has not determined that the ANC is a terrorist organization. We regard the ANC as a politically diverse organization, representing a range of views.

How do you feel about the ANC and necklacing and burning people to death? Is that terrorism, or am I just imagining things?

Secretary-designate **Baker**. I think that the guidance from which you are reading would also go on to say that we strongly differ with the ANC on some of the methods they have used to pursue certain objectives; that we agree with some of the ANC's objectives, such as ending apartheid and establishing a nonracial system of government in South Africa, but we disagree strongly with the means they use to arrive at those objectives.

And we do disagree with those. We condemn their use of violence. We have done so.

Senator **Helms**. Well, that is a meaningless statement to me.

Mr. Chairman, I'll stop in just a minute.

I am sure the U.S. Government may have agreed with John Dillinger or Al Capone on something, maybe motherhood, or whatever. But the fact remains that the ANC is one of the most violent organizations I ever heard of.

This business of necklacing—you know, Winnie Mandela held up the box of matches and said, "We have the matches." Now, if that is not terrorism, I don't know.

Did I make clear when I discussed this that the Vice President's task force is Vice President Bush's task force?

Secretary-designate **Baker**. Yes, you did.

Senator **Helms**. OK.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

We have on this round still Mr. Moynihan, Mr. Robb, and Mr. McConnell, to be with us. But I guess we might as well get started on the third round, and I would recognize Senator Cranston for that.

Senator CRANSTON. Thank you very much.

When my last time ran out, we were talking about the Far East. I would like to return to that for one moment.

While we are striving to avoid protectionism, and I am in total accord with you on that; and the futility of a tit-for-tat trade war, how can we ensure fair trade practices by Japan? At times, it appears we are unilaterally disarming in trade competition by failing to do more to open up their markets.

I know this is not an easy matter to contend with, but I think we do have to come to grips with it. I am delighted that Carla Hills will be a member of the new team working on this particular issue, along with her other trade responsibilities.

But I would like your thoughts on that matter.

Secretary-designate BAKER. You are quite right that there is more to be done there, Senator Cranston. But I really believe we have made some rather significant progress over the course of the last 3 or 4 years.

You are aware, of course, of the progress we've made with respect to the yen and internationalizing the yen as an international currency. We have made progress opening up telecommunications, electronics, medical equipment, forestry products, transportation machinery, beef, and citrus. These were all very difficult negotiations, but we continued to stick with it and we ultimately prevailed.

There are still too many instances in which Japanese markets are closed not just to United States goods but to foreign goods as well.

I think the answer to your question is for us to continue to be resolute in aggressively enforcing our unfair trade laws; to continue to press the Japanese, as our good friends and partners and the world's second largest economy, to open up those markets.

I really do believe, though, that we tend not to give enough credit to what's been accomplished over the past 3 or 4 years.

Senator CRANSTON. I grant that there have been accomplishments. I recognize that. I think that somehow we have managed to be restrained in the protectionism that has appealed to so many. I'm glad we have.

Secretary-designate BAKER. Our deficit with Japan—I have a number here—was increasing steadily through 1987, and now it is going to decrease from almost $60 billion in 1987, to about $52 or $53 billion in 1988. In just 1 year, that is a rather significant reduction in the trade deficit.

Our exports to Japan are up from $23 billion in 1985 to about $37 billion in 1988.

Senator CRANSTON. Are you reasonably confident that this is the beginning of a trend that will continue?

Secretary-designate BAKER. Well, we certainly hope so. Of course, to some extent, I suppose you could argue that the exchange rate changes of 1986 an 1987 are reflected in there. But we hope and believe it is the beginning of a trend, and we think that the progress that has been made in market opening efforts is the reason it is going to be a trend.

Senator CRANSTON. Those certainly are good signs and I hope we can carry on in that direction.

One more thing on the Far East. Regarding the Koreas, the two Koreas, as you know, there are about to be senior level discussions for the first time. This could lead to a relaxation of tensions and increased pressure for the United States to withdraw militarily from South Korea.

As you know, some South Koreans are already urging a United States withdrawal, and North Koreans have been insisting on a halt to the joint annual military maneuver that we called "Team Spirit."

As Secretary of State, how do you look upon the problem and what will be your efforts regarding the division of Korea?

Secretary-designate BAKER. Well, we think that the efforts that are ongoing now between the south and the north to begin to talk are probably very salutary, and we support those.

Most South Koreans, and I think almost all Americans, if not all Americans, value the security relationship and don't want to see United States troops withdrawn, unless we know for sure that the threat from the north is receding or is going to recede.

So, I think it is a matter that we have to continue to watch, to be alert to, and to study, and take it as we go. I don't think that we can sit here today and say "Well, within the next 4 years we will or will not augment troops or we will withdraw troops." We don't have a crystal ball that will tell us that right here today.

Senator CRANSTON. Turning to the Middle East briefly, as a friend of Israel, I joined a bipartisan group of my colleagues last year in an initiative that was designed to encourage greater flexibility from Israeli leaders on the idea of exchanging land for peace with the Palestinians.

We made that effort out of a conviction that security of a democratic Israel lies ultimately in reaching a compromise, if possible, with responsible representatives of the Palestinian community.

In recent months, the Reagan administration has unnerved many friends in Israel by opening a dialog with the PLO. I, for one, am concerned that this move should not discourage Israeli leaders from having confidence in the United States.

I believe it is essential that the United States not take steps which would call our enduring commitment to Israeli security into question, or which would discourage flexibility on the part of various Israeli political factions.

In this respect, I would like to ask you to expand, if you can, upon your response to Senator Boschwitz.

Is it the Bush administration's intention to limit contacts with the PLO to a dialog, or do you envisage an actual PLO role in peace negotiations?

Secretary-designate BAKER. Let me speak to that by telling you how I envision the dialog, which, of course, has just begun and which, of course, is a circumstance that we will inherit from the outgoing administration.

As I said yesterday, I think the dialog is not an end in itself. If it is going to have any value, it must contribute to a process that can lead somewhere, and we do not establish a dialog just to have a dialog.

In meeting our three conditions, we have seen, at least in words, a PLO commitment to the principles of peace with Israel and to the rejection of terrorism. And now I think it is appropriate that we see if the PLO is prepared to act in a way that makes it possible to translate these principles into reality.

For instance, will the PLO support a process that makes peace possible? Will it support efforts to diffuse tensions? Will it act to disassociate itself from terrorism? And, most importantly, I think we need to make it clear, and I hope I have during the course of these hearings and in my testimony, that the United States commitment to Israel's survival and its security is going to remain unshakeable. I don't think there is any doubt about that. No wedge is going to be driven between us, and we do not plan to put ourselves into the position of delivering Israeli concessions.

It is our view that peace must be made with Israel and not with the United States.

Senator CRANSTON. That is a very clear and I think a very sound message.

Will United States policy remain opposed to the establishment of a Palestinian state on the West Bank of the Jordan River?

Secretary-designate BAKER. I think I said yesterday, Senator, that our view is that the establishment of an independent Palestinian state is not the way to go; that we think perhaps it would be more appropriate to see some sort of confederation arrangement of some type.

Senator CRANSTON. That certainly does seem to be a sounder way to proceed.

On a related issue, I am not asking a question but I just want to register my concern. On the issue of proposals to arm the sworn enemies of our allies, Saudi Arabia remains in a declared state of war with Israel. Saudi Arabia leads the global campaign to strangle Israel economically. The anti-Israel boycott, which is at least a partial cause of the United States need to give Israel $3 billion every year, is their doing in major part. And, while even the PLO has moved toward recognition of Israel, the Saudis make no meaningful efforts, that I am aware of, to advance United States interests in an Arab-Israeli peace.

I, therefore, want to make clear, just for the record, that under present circumstances, I and many others would oppose a new major sale of military aircraft to the Saudi military. Indeed, I have joined with Congressman Mel Levine and Larry Smith in writing President-elect Bush to make our intentions clear in that regard.

Let me add that I didn't solicit the signatures of any other Senators on that letter. We sent it on its own.

I ask unanimous consent, Mr. Chairman, that that letter appear in the record.

The CHAIRMAN. Without objection.

[The information referred to appears in the appendix.]

Senator CRANSTON. Finally, Mr. Secretary, I would like to return once more to the question which several members of this committee have put to you regarding the future course of United States-Soviet relations.

I am heartened very much by your comments rejecting the notion that a failure of perestroika and glasnost is somehow in the American interest. But I remain troubled by the perception around the world today that the Soviet Union is changing; that they are taking a risk to advance arms control and superpower relations; that the United States seems to be sort of standing still; that we are somehow a status quo power now.

The Soviets remain formidable and we must await actions—deeds, not words. But we are beginning to see quite a few deeds, it seems to me, that match the words.

There has been progress, as you noted, on Afghanistan, INF, verification, human rights, and emigration. It really seems incumbent upon the United States to respond affirmatively to these encouraging actions.

The question I want to press you just a bit on is this.

Do you not feel it desirable for the new administration, in good time, to take some initiatives, too? While you and I may be comfortable with the righteousness of the American position, don't you think it valuable to do more in the court of world opinion to respond to the very real risks—and they are risks—that Gorbachev is taking? They are domestic risks for him and they are foreign risks for him.

Under your guidance, can't the new administration make some new proposals—in good time? I know that you don't want to rush into this.

For example, they have just had another terrible harvest. How about offering them some Public Law 480 grain at cost? I'm sure American farmers would applaud that move.

There are a lot of things that we might be doing.

I am really asking two questions. One is if we don't want Gorbachev to fail and, therefore, retreat again or have his country retreat into a belligerent, paranoid, neo-Stalinist mode, then shouldn't we be taking some responsible, but affirmative, steps to encourage progress? And, two, with the widespread perception throughout the world that the Soviets are now setting the agenda, but the United States is sitting on its hands, isn't it essential, if only to shape international opinion, although much more is at stake, to be making some American initiatives?

Secretary-designate **Baker**. Senator Cranston, I want to disabuse you of any notion that we plan to be locked into some sort of role of passivity here. That is not going to be the case.

At the same time we are changing administrations and we are inaugurating a new President in 2 days.

I really believe that the new administration deserves a little time to formulate its policies and its positions and to take a look at what has been done and where it wants to go in the future.

I don't think that means that we are not going to have a certain degree of dynamism in our United States-U.S.S.R. policies. Indeed, I would hope that we would have a fair amount of that.

I just think, as I said in my opening statement, I just believe that prudence and taking a realistic look at this is the way to go before we rush into advancing proposals or initiatives just for the sake of appearing to take an affirmative posture.

The Vice President was very clear, I think, in the campaign in his support of the START negotiations. He was clear in his statements regarding his desire to build on that progress. He has been one of the foremost advocates in the two Reagan administrations of movement in this area, and I really don't think that you need worry about our somehow becoming locked into a passive role in our relationship with the Soviet Union.

The CHAIRMAN. Thank you very much, indeed.

Senator McConnell.

Senator CRANSTON. May I just say one word.

I thank you very much for that. I don't expect any instant action. If you can combine prudence with dynamism in the course of time, that will be great.

Thank you very much.

The CHAIRMAN. Thank you.

Senator McConnell.

Senator McCONNELL. Thank you, Mr. Chairman.

Mr. Secretary, in your statement, you touched on the importance of United States-P.R.C. ties and the role the Vice President's personal experience will play in that whole area.

Would you for a few moments elaborate on the United States-P.R.C. political future, particularly now that it appears as if there is an imminent warming of the relationship between the P.R.C. and the Soviets?

Secretary-designate BAKER. Well, the relationship with the People's Republic of China is very important to the United States for a number of reasons, including geopolitical reasons, Senator McConnell. It is a relationship that has a special meaning, as you have pointed out, as far as the Vice President is concerned.

It is a relationship that we intend to attend to and nurture very carefully. We would like to see an expansion of it not just politically and diplomatically, but economically as well.

You are familiar with the steps that the People's Republic is taking in terms of opening up their economy and moving in that direction. We think those are very salutary steps.

We note, as you do, the improving relations, the prospect of improved Sino-Soviet relations. We do not believe that that means anything like the rapprochement that took place in the 1950's. We don't see it moving that far. And we continue to see our relationship with the People's Republic of China as very important to the United States.

Senator McCONNELL. What kind of potential do you think the P.R.C. has as a market for our products down the road?

Secretary-designate BAKER. I think the P.R.C. represents perhaps the largest untapped market in the world, and, if I may say so, it was my experience at Treasury that, generally speaking, others are stealing the march on us with respect to that market.

Senator McCONNELL. Representing a state that has 150,000 tobacco growers, I can tell you that it is certainly a market that we covet, in terms of foreign opportunities for American cigarettes.

Senator Cranston touched on the whole arms transfer problem. I don't have to tell you that we have had some difficulty in persuading the P.R.C. to discontinue sales of sophisticated weapons, especially to countries in the Middle East.

How do you see that issue unfolding? Do you think we can have more influence than we have had in the past on those kinds of weapons transfers? What do you intend to try to do about this problem?

Secretary-designate BAKER. Well, yes, I think we can. Senator Helms asked me a question yesterday that I could not respond fully to, but that I can respond to in a bit more detail today. It relates to that subject. So, I will do so.

What you are referring to, I think, was the P.R.C. sale of some missiles to Saudi Arabia, which I think, more than anything else, highlighted the necessity to work to achieve stronger international curbs on this missile technology transfer.

We have stressed to the Chinese and to others, as part of a global effort, our concern over the destabilizing nature of transfers of these kinds of weapon systems, and on a number of occasions, Secretary Shultz and Secretary Carlucci, in trips to China last year, have expressed our concern over the dangers that are posed by missile proliferation, particularly in unstable areas of the world.

The Chinese leadership has responded that they will take a prudent and responsible attitude regarding these sales.

Our present policy is to continue to urge China and other nations to refrain from exporting missiles with a range greater than 300 kilometers and a payload of over 500 kilograms.

The bottom line is we are making progress in this area.

Again, Senator Helms, this is in further answer to a question you asked yesterday.

I think we are making progress. I think the Chinese know how importantly we see this, how important a problem we see this to be, and, hopefully, we can continue to make progress.

Senator McCONNELL. One of the justifications put forth in reference to our own proposed weapon sales to Arab countries hostile to Israel is that if we don't do it, someone else will. I guess that leads to the question of our own proposals in that regard.

Where do you see us? The administration has proposed a number of controversial weapons sales, over the last few years, particularly to Saudi Arabia? Where do you see us going in terms of our own arms sales policy?

Secretary-designate BAKER. Well, I suppose those things are going to continue to have a certain amount of controversy with respect to them, Senator. But, as I indicated yesterday, I hope we can find a better way to deal with this issue.

It is incumbent upon us, I think, to let you know a little bit earlier when these things are coming up on the radar screen. I think, on the other end, it is your responsibility not to rule out a particular sale in advance, before we have a chance to make our case to you, on the merits of that particular sale.

Our policy, of course, is one of providing for the legitimate security and defense of our moderate Arab friends. That is the right policy, and it is a good policy.

We really should seek to ensure that moderate Arab states, in particular those of the Persian Gulf, have the means to take a more active role in providing for their defense. That takes a little bit of the burden off of us.

I think we saw the value of our AWACS, the AWACS that we sold, or leased, to Saudi Arabia back in 1981, during the course of the Iran-Iraq war.

Our fundamental commitment to Israel's security spans eight administrations. There can be no doubt about it, as I have just outlined to the committee, and there can be no doubt but what we simply are not going to sell systems in the Middle East that undermine Israel's qualitative military edge.

At the same time, we do have another very important foreign policy interest in terms of the moderate Arab states of the Persian Gulf and in terms of trying to work with both sides to advance the cause of peace in the Middle East.

Senator McConnell. Thank you, Mr. Secretary.

Shifting subjects, the United States has been pressing Greece since last summer to extradite Mohammed Rashid, who planted a bomb on a PanAm flight in 1982, wounding 15 people and killing a teenager.

The standard for extradition is probable cause that the individual committed the attack, and in this case there is more than sufficient evidence that this fellow Rashid was responsible.

Those of us who have followed this have been frustrated by this case and are deeply concerned that the Greeks will refuse extradition again, as they did with the terrorist who attacked a synagogue in Rome, killing a 2-year-old boy.

If you are familiar with it, do you view this case as an important test of Greece's willingness to cooperate with the United States in combating terrorism?

Secretary-designate Baker. Yes, I do, Senator McConnell.

I am slightly familiar with the case. I am familiar with the fact that there was a prior refusal to extradite to Italy an Abu Nidal terrorist, whose last name was Ozama.

The Greeks have stated that that decision does not prejudge their decision in other cases and specifically does not prejudge their decision in the Rashid case.

We hope very much that they will see fit to extradite.

Senator McConnell. In the past, we have provided antiterrorism aid to Greece to improve security and to contribute to investigations.

In your view, should we consider this option again during the discussion of the foreign aid bill?

Secretary-designate Baker. I think it would be appropriate to consider it, to at least look at the matter.

Senator McConnell. Since 1975, there have been a number of attacks against Americans in Greece 3 people killed and 104 wounded.

Should the American tourist be so advised? Is there a reason, for example, to issue a travel advisory for Greece, as we did last year in the P.R.C., when we were concerned about a terrorist threat there? It does raise, of course, that whole question of what kind of duty we have to the traveling public.

Secretary-designate **Baker**. I'm not sure that I know enough about the situation there now to answer that yes or no, Senator. But it is something we can take a look at.

Senator **McConnell**. On the broader issue of the duty to advise the public of a terrorist threat, do you have any observations?

Secretary-designate **Baker**. I think there is duty, perhaps, to advise when you have very specific and concrete evidence. Let me just say, with respect, for instance, to PanAm 103, what normally happens, as I understand it, is if we get evidence of a specific threat, we work with security officials in the countries affected and the carriers involved. What normally happens is that the flight is canceled.

There are a myriad of threats that come in every day which we have to sift through and assess and make sure that appropriate security people are notified with respect to these.

I believe it is our view that if we issued a public notice with respect to each and every one of those——

Senator **McConnell**. There would be no flights.

Secretary-designate **Baker** [continuing]. Well, plus, very quickly the public would get very cynical because nothing would happen. Most of them are just that, just threats. Nothing happens.

So, I think this idea that somehow it is incumbent upon us every time we get wind of any particular threat to issue a public advisory or to give public notice or something, we have to look at that very, very carefully.

Senator **McConnell**. One quick followup, Mr. Chairman, on the same issue, before we leave it. This is the whole question of the technology currently available for searches.

Do you have some degree of optimism that we can get a handle on that, on the searching of baggage and passengers. Is it possible to succeed at this task?

Secretary-designate **Baker**. I think it is, but it is going to result in a certain degree of discomfort for travelers because, in order to really make certain, you need to be a bit more intrusive in the procedures that are followed.

I noted the other day that someone was suggesting that there should be procedures applicable to baggage handling and security personnel and, in fact, aircraft crew personnel, whose luggage sometimes is left unattended and then is put on the airplane without going through any magnetometer and things like that.

So, I think there is room to improve security procedures. I really do question whether some sort of public advisory or notice every time is warranted.

Senator **McConnell**. I agree with that.

Thank you.

The **Chairman**. Thank you very much.

Senator Biden.

Senator **Biden**. Thank you very much.

Mr. Secretary, I am going to skip around just a little bit in the few minutes that I have here.

What impact do you think the creation of a Common European Market is going to have upon the U.S. trade situation, if and when, in 1992, it comes to fruition?

Right now, there is a discussion that it will enhance the protective instinct on the part of Europeans, that it will make it more difficult to trade with them. Others argue that it will provide a unified market without 12 different tests to meet in 12 different countries, and because we have U.S. subsidiaries in Europe, we will be treated the same way; that it will give us an advantage over what we have now.

What is your view? How do you see that?

Secretary-designate **Baker**. Actually, this is one of the paradoxes or "contraries' that I think I referred to in my opening statement, Senator Biden.

It is very much our hope that the single market will be outward looking in its approach, will be nonprotectionist; that in the course of breaking down barriers among nations in Europe, they will not be tempted to erect barriers to those of us on the outside.

We believe that the United States-Canadian Free Trade Agreement was outward looking in that respect. It was not a case of our building barriers here in North America. It was a case of our really opening markets by breaking down barriers between the United States and Canada. We hope that is the course and direction that 1992 takes.

Senator **Biden**. How much of a part are we playing, or were you through Treasury, or will you through State, play in keeping tabs on and discussing with the Europeans changes as they move?

For example, there is talk about not only when the barriers come down in Europe, that there will be not a common currency—although there allegedly is an availability for one that is workable, but not workable right now—that, in fact, the Europeans will turn to us and say, granted, we're 320 million people and you're 240 million people, you have a unified market, we have a unified market, except one thing. You have 50 different banking laws in your country, which makes it difficult for one. We're going to have one in Europe.

In other words, do you see the prospect of the unification of the European Economic Market pressuring the United States to unify in areas where there has been great resistance internally, having nothing to do with Europeans or anyone else, particularly in banking?

Secretary-designate **Baker**. Oh, maybe in that. That's a pretty good example if there is going to be one, perhaps, in that area.

I think that it is not going to be easy for them to get to a common currency——

Senator **Biden**. I agree.

Secretary-designate **Baker** [continuing]. Or a common central bank, because the central bank functions are so different, for instance, in the Federal Republic of Germany and, let's say, the United Kingdom.

Senator **Biden**. Just the issue of interest rates or the banks' abilities to charge interests rates, they are affected by our State laws which, as I understand the objective, at least in the European Community, it is that there be a unified view on issues such as that, relating to banking practices.

I may be wrong about that.

Secretary-designate **Baker**. I don't know the extent to which 1992 is going to merge all services.

Senator **Biden**. It uses that phrase, but I'm not sure it means it.

Secretary-designate **Baker**. In terms of a Common Market, in terms of a single unitary market, yes. But I'm really not clear in my own mind whether they would extend it, for instance, to financial services.

Senator **Biden**. You know more about this than I do, having been Secretary of Treasury. But there is the intention. They talk about not only goods but services.

Secretary-designate **Baker**. Yes.

Senator **Biden**. That's why I raised the question.

One last question in this area.

Do you have a plan, or is there a department within the State Department or at Treasury that is following very closely what is happening and anticipating what responses may or may not be necessary?

Secretary-designate **Baker**. That's really a very good question. Just before I left Treasury in August, this issue came up. Frankly, I do not know what the development has been since that time. But it is a matter that I know we have communicated to our European allies, to the EC, that we are very interested in. It is something we believe we are entitled to be consulted on and to follow.

I would imagine that there is not going to be any problem in that regard. But I don't know what the locus of that operation is in the executive branch right now. But it is something we ought to look into, and I will.

Senator **Biden**. With the permission of the chairman, as chairman of the European Affairs Subcommittee, I plan on beginning hearings on that subject. I would like very much, as this develops, to do so because I believe at least we in the Congress are not focusing enough on the potential ramifications.

I happen to think they are more likely to be positive than negative. But I don't think it has been looked at enough.

Secretary-designate **Baker**. I agree with you.

Senator **Biden**. I hope that whatever the locus of such a group, the persons who are going to be following this more closely would be able to be available, at least to discuss the matter with the committee.

If I could shift in the interest of time—let me move to treaty reinterpretation for a minute.

As I need not tell you, the debate over treaty powers has erupted because the ABM Treaty is viewed by everyone, I believe, including the past administration, and, based on what President-elect Bush has said, the incoming administration, to be an essential part or sort of the rock upon which all of our arms control agreements heretofore have been built. Obviously, it comes head-on, potentially at least, with the SDI program.

We had for the time an enunciation of a doctrine which some of us thought was good and which some of us rejected, the notion of a Sofaer doctrine. The Sofaer doctrine basically said that, unless the Senate acted affirmatively during the original ratification proceedings to make clear that its approval of a treaty was critically dependent upon a particular interpretation—in other words, unless we said we mean by approval the following 74 things, or 17 things, or 7 things.

Unless we said that, according to the Sofaer doctrine, the President, at a later date, could come along and say although the general view of the treaty in 1972, or 1982, or 1992, or 2002, was to be "A," I now believe, because I went back and looked at the negotiating record that it really means "B," so I am reinterpreting it. We got into this broad-narrow debate.

The Sofaer doctrine, as I said, enunciated that.

Then along came the reinterpretation notion, that we reinterpret it to allow certain aspects of ABM testing, potentially, and without violation, and so on.

Now, with regard to the content, method, and purpose of the so-called reinterpretation of the ABM Treaty, I would like to turn your attention to a quotation from the new National Security Adviser in this administration. It's something he said some months ago, and I quote:

> We have an ABM Treaty. We are abiding by it. The Soviets, with some exceptions, strong exceptions, are. We are abiding by it. It exists. I do not think we have to enter into an agreement on the ABM Treaty. It is there. I think that, regardless of the merits of broad or narrow interpretation, it was presented to the Congress in the narrow interpretation and we have behaved, for most of its existence, on the narrow interpretation. To me, it's unbefitting the United States to try to maneuver in that sense. If we decided that the ABM Treaty was fundamentally constricting our vital national interest, then we ought to denounce it, according to its provisions, and not change from a narrow to a broad interpretation.

Since you will be Secretary of State and all national security advisers in occasion have to work together and on occasion clash, can you tell us at this point whether you agree with the interpretation of the new National Security Adviser?

Secretary-designate **BAKER**. Well, we have, as you pointed out and as Brent points out in the quote that you have just read, been observing the narrow. It has been the policy of the Reagan administration to observe the narrow but to observe the right to assert the broad.

We have not asserted the broad.

Senator **BIDEN**. Under what conditions?

Secretary-designate **BAKER**. Under what conditions?

Senator **BIDEN**. Yes, assert the broad?

Secretary-designate **BAKER**. At such time as the administration concluded that it needed to do so in order to carry out its testing responsibilities under the strategic defense initiative, are the conditions of which I was thinking.

Senator **BIDEN**. I would respectfully suggest, then, that you do not agree with the National Security Adviser.

Secretary-designate **BAKER**. I didn't say that I didn't agree.

It really is not important. What's important is whether or not that is going to be the policy of the new President of the United States.

His policy heretofore has been to respect the narrow but reserve on the question of the broad. That's the personal view there of Brent Scowcroft, a private citizen. It will be interesting to see whether the Vice President is going to change his position or stick to the position that he had as Vice President for two Reagan terms.

Senator BIDEN. Well, I respectfully suggest that it would be a little like my saying I respect the right of the press under the first amendment, but I reserve the right to deal with their irresponsibility, if I wish—not that they are ever irresponsible.

Seriously. It is the same kind of interpretation. For me to say that I reserve the right to, in effect, renounce what is a constitutionally mandated position I find difficult.

Secretary-designate BAKER. Senator, I think you raise a very good point. Of course, the issue of ratification and all the rest is more properly debated, I suppose, in your Judiciary Committee. But what happens if the interpretation comes about many years, 4 or 5 years, down the line? Suppose you get development of new ideas, new technologies, new principles, and there is an interpretation that presents itself, and the negotiating record is silent on it, and there has never been any suggestion that it was the subject of discussion or consideration by the Senate when it ratified? Are you saying that the Executive at that point is not entitled to put an interpretation on the treaty unless it comes back up here?

Senator BIDEN. I would suggest, Mr. Secretary, that (*a*) that is a different issue than the one that has been at stake; and that (*b*) assume that there was a change in technology, interest, or what the President viewed to be in the vital interest of the United States that did not comport with what heretofore had been the overwhelming and considered interpretation of the treaty for the previous 2, 4, 10, or 20 years. All the treaties we signed, as I need not tell you, have a clause in them saying that at any point—and I am paraphrasing—at any point, if this treaty is inconsistent with what we view to be our vital interest, we can give notice and say we're out.

Secretary-designate BAKER. Right.

Senator BIDEN. That's the appropriate role, in my view.

But I can see the chairman is about to hit my knuckles with his hammer, so I am going to stop.

Thank you very, very much.

The CHAIRMAN. Thank you very much, indeed.

Senator Helms.

Senator HELMS. Mr. Secretary, last week, General Dynamics and a Japanese company, Mitsubishi Heavy Industries, signed a little old agreement to produce in Japan a modified F-16 fighter aircraft, which the Japanese call the FSX. The program is a new type of cooperative venture between allies and it is supposed to be a model for the future and all that.

Nevertheless, I wonder if I might encourage you to delay sending the notification up here to the Congress for, say, a couple of months, until your team—your team—is in place and you have had a full opportunity to review this proposed program and in order that you would be able to enthusiastically or otherwise recommend it to you.

Would you consider that?

Secretary-designate BAKER. I'd be glad to consider that, Senator. Of course, it would be subject to the President's determination.

Senator HELMS. Of course. But I think you would be well advised to go a little bit slow and make sure you know what you are doing.

Now, there have been a number of reports in the media and otherwise in recent weeks implicating several high-level law enforcement officials in the new Mexican administration, the involvement of these people in drug trafficking and other illegal activities.

The officials specified include the attorney general; the chief of the police intelligence unit, who, by the way, is currently wanted in the United States and we are trying to extradite him; the interior secretary; the chief of police in Mexico City; and a director of the Federal Judicial Police.

Now, then, last year, the State Department sent to the Senate for its advice and consent an MLAT, a mutual legal assistance treaty, an MLAT with Mexico, requiring the United States to give sensitive information regarding narcotics trafficking to the attorney general's office in Mexico.

This gives me some pause. I am wondering if you would agree that the President should be willing to certify or otherwise give assurance to the Senate that these officials and other high-level law enforcement officials in Mexico are not connected in any way with narcotics activities or to Mexican drug kingpins before the Senate is asked to proceed with consideration of such an MLAT?

Secretary-designate **Baker**. Senator, I don't see any particular reason why we couldn't do that, provided the standard is one of no evidence, having no evidence to suggest that.

Senator **Helms**. I agree.

Secretary-designate **Baker**. We can't make any guarantees. But we could certainly certify with respect to the question of hard evidence.

Senator **Helms**. Well, in the past, we have had hard evidence by officials of this Government, as you know.

Well, you have satisfied me on that. We ought not to be turning over sensitive material to people like this, if they are people like this, because our people could get their heads blown off.

Secretary-designate **Baker**. Right.

Senator **Helms**. As you know, it's happened before.

I mention this just to throw up a safeguard, if I can.

Now, moving on, I'm not going to press you any further, if, indeed, I have pressed you so far about the Angola-Namibia agreement. But I would like to get an understanding with you or from you that if, in fact, you do make a request for United States contributions to the U.N. Peacekeeping Forces, that you will provide the Foreign Relations Committee with the transcripts of the discussions and the negotiating record of the Angola-Namibia agreement.

Would there be any problem about that?

Secretary-designate **Baker**. I'll have to check and see, Senator. There shouldn't be any problem in providing it in closed session.

Senator **Helms**. Oh, absolutely. This would be conditioned, Mr. Secretary, on absolute safeguards.

Secretary-designate **Baker**. We need to see what we're talking about.

I, frankly, should not make that commitment yet, until I see what it is that is down there and what it is that I'm talking about, and what level of classification it carries, and all the rest. But I would be glad to take a look at that.

We will be making a request for funding our share of that peacekeeping force.

Senator **Helms**. But it would seem to me to be information that this committee ought to have. I would be grateful if you can make it available, under the condition that complete safeguard of its confidentiality is in place.

Now, Mr. Secretary, one of the issues which has not been touched on in these hearings—and I am a little bit surprised about it, so I think I had better touch on it—has been dumped in your lap, and that is the Moscow Embassy.

I am particularly interested in determining how we got into such a mess in the first place. The very idea of allowing Soviet contractors to build the Embassy in the first place just doesn't make good nonsense to me, let alone good sense.

I hope that you will declassify and release to this committee documents from the early internal deliberations about what safeguards should be taken with respect to the building of that Embassy.

Would you be willing to do that?

Secretary-designate **Baker**. I'll be willing to take a look at it. Again, it's subject to the same caveat, if I may, Senator, that I have to make on all of these. I need to see what type of classification they have and so forth.

But I see no reason off the top of my head why I would not be able to do that.

Senator **Helms**. I certainly understand the position that you are taking. You know, we are throwing all this stuff at you in bunches.

But could I ask that if, down the road, you say I can't do that, can we discuss why we can't do it?

Secretary-designate **Baker**. Sure. Absolutely.

Senator **Helms**. OK. Fair enough.

Now—and, Mr. Chairman, I promise you that I am heading down the short road now—there is nothing new in the issue of Western finance and trade with the Soviet Union for, say, 70 years. Western banks and industrial corporations have been financing and building the Soviet empire.

Back in 1922, I was reading the other night, an international economic conference was held in Genoa, Italy, in order to promote trade between the West and the Soviet Union.

Since that time, every Soviet leader, from Lenin to Gorbachev, has had his new economic policy—that is the first thing they trot out—his new policy to rescue the Soviet economy from distintegration and chaos. It's just like the turning of the seasons. Every time there is a change, here they come.

But the truth is the Soviet economy has not worked and it will not work because communism does not work. It's just that simple.

History has shown that commercial relations with the Soviet Union have never restrained the Kremlin from global expansion, subversion, and general mischief.

What is the approximately overall Soviet bloc debt? I mean the Soviet Union and the East European satellites? What is the total debt to the West? Do you have any idea?

Secretary-designate **Baker**. I don't have the number, Senator. I'll have to get it for you.

Senator HELMS. I think it is about $120 billion.

Secretary-designate BAKER. It's $120 billion?

Senator HELMS. Yes, $120 billion. Your folks can check me on that.

Secretary-designate BAKER. It's very small to U.S. entities, I know that. I don't have that number, either, but I'll get it for you.

Senator HELMS. I think it's 1 or 2 percent, but I'm not sure about that myself.

[The information referred to appears in the appendix.]

Senator HELMS. What is the approximate debt of the Soviet Union alone to the West? Would that be about $28 to $30 billion?

Secretary-designate BAKER. Again, I'm sorry. I don't have those numbers here. I'll just have to get them for you.

Senator HELMS. I was sort of looking at the gentlemen sitting behind you to see if they would nod or shake their heads.

Secretary-designate BAKER. If they had had that information, they would have passed it up here. [Laughter.]

Senator HELMS. The point I am getting to is that Soviet bloc debt is, therefore, part of the overall Third World debt crisis, of course—right?

Secretary-designate BAKER. Well, we really don't consider it as part of it. I mean, some of the Eastern European countries, I suppose, are included. But we have looked at Third World debt, frankly, as exclusive of the Soviet Union.

Senator HELMS. Well, I think they are closer than first cousins.

I'm going to ask one more question and then I won't ask any more, Mr. Chairman.

The CHAIRMAN. Go ahead.

Senator HELMS. I will wind this up.

The European Economic Community intends to create what was discussed here earlier, the Unified Internal Market, by 1992. At the same time, the EEC has signed agreements with the Soviet bloc economic organization, COMECON. The EEC and the Soviet bloc are moving toward economic integration and a reunified Germany may well emerge as the pivot of this economic superstructure.

Now, if you will, for just a moment, tell me what your impression is of the geopolitical consequences of the United States and for the NATO alliance.

Secretary-designate BAKER. Of 1992, the Unified Market in Europe?

Senator HELMS. Yes, sir.

Secretary-designate BAKER. Well, I discussed that a moment ago, as you pointed out, with Senator Biden.

I think that this does represent one of the paradoxes or "contraries" that I spoke of in my statement. If the Unitary or Unified Market is outward looking in its approach, it can be very beneficial in terms of liberalizing world trade, and it can be very important. It will be very important to the United States from a geopolitical standpoint, whether it is outward looking or inward looking.

If it is inward looking, it could be very detrimental to our interests and to the interests of other major trading nations around the world. So, we hope very much that it is outward looking in its approach and that in breaking down their internal European barriers, they don't erect any barriers to trade from the United States, or Japan, or Canada, or anybody else who is outside of the European Community.

Senator **Helms**. In any case, it is going to be important, whether it is adversely important or beneficial?

Secretary-designate **Baker**. In any case, it is going to be important. You bet.

Senator Biden's suggestion, really, I think it is a very good one, that we have some central place, one specific place, in the executive branch that follows it and that cooperate in his hearings.

Senator **Helms**. I absolutely agree. I'm sorry that Joe is not here to hear me agree with him.

Thank you very much, Mr. Chairman.

The **Chairman**. Thank you very much.

Senator Sarbanes.

Senator **Sarbanes**. Thank you, Mr. Chairman.

Mr. Secretary, first let me just follow up on the point that is being discussed.

We held a hearing in the Joint Economic Committee last fall on 1992 and the European Community.

One of the things that it is very important for people to understand is that 1992 is the target date for the completion of a process. Things are happening each and every week right now.

Secretary-designate **Baker**. That's correct.

Senator **Sarbanes**. So, it is not something that we have, time to get a handle on because it is taking shape right now. Decisions are being made that have a significant impact on our interests.

It came out of the JEC hearing that there is not a point person in the administration. Perhaps some of your staff at the Department can get those hearings and take a look at them.

The private sector was very articulate in testifying that that was desperately needed. To the extent there is any overview currently taking place, it probably exists more in the private sector, among some of our major corporations, within the Government itself.

Secretary-designate **Baker**. Is the STR not following that in detail?

Senator **Sarbanes**. Well, they are following it, but they are in no position to coordinate or pull together an across-the-Government response.

Secretary-designate **Baker**. And I think that is needed, Senator.

Senator **Sarbanes**. Absolutely.

I commend that to you.

Second, I want to return to treaty interpretation. At the end, you responded to Senator Biden by raising the possibility that a matter could come up that had not been addressed at the time of ratification, which represented a new issue and raised new questions of what the treaty meant, in that instance, you asked, would you be denied the opportunity to go back to the negotiating record in order to try to seek direction.

That's not the point that was at issue——

Secretary-designate **Baker**. No, I know that.

Senator **Sarbanes** [continuing]. And I don't think that's the point he was trying to make.

The point at issue is where an administration actually says that a treaty means something in terms of how it was presented to the

Senate. I don't see how you can then have a different interpretation.

It is interesting that President Nixon—let me just read an exchange that took place with him at the American Society of Newspaper Editors.

He was asked,

> When your officials were testifying on the ABM Treaty, did you ever anticipate that a succeeding administration would try to reinterpret that testimony?

President Nixon replied:

> No, I did not.

Then he said,

> There is here a constitutional argument, as you know. On the one side, it is said that what a treaty means is what and how it was presented to the Senate. Since the Senate has to advise and consent, a treaty must mean whatever was presented to the Senate. As far as what was presented to the Senate, it was what we call the narrow interpretation. There is no question about that, and so, Senator Nunn is absolutely correct on that point.
>
> On the other hand, there are those who say that what a treaty really means is how it was negotiated with the adversary, in this case, the Soviet Union. In the negotiation with the Soviet Union, broad interpretation was possible.
>
> Now, let me express my own view. I don't go along with those who say we should go forward with SDI and accept Sofaer's interpretation, because if you do that, you're going to find that the Senate, particularly with Nunn, a very powerful Senate, would then block the funds for it, so it isn't going to work.

I am moving very fast through some things here.

Third, I put the question to you this morning and then time ran out about Admiral Inman's statement:

> My view is direct: once you have legislation that establishes a process, you have three alternatives. You get the law changed if you think it's wrong. If you believe it's unconstitutional, you find a case and take it to the Supreme Court. Or you comply with the law and you work to make it work. I don't believe there is a legitimate option in a country of laws to simply go around it as the way you do business.

I put that quote to Secretary Weinberger in the hearings and I said to him that I took he would agree with it. His response was, "Completely. Yes, sir."

Secretary-designate **BAKER**. Well, I think my initial response was 99 percent, and then, when you clarified the one reservation I had, I think I said I agreed with it 100 percent, provided that when you say "finding a case and taking it to court," you include within that what I suggested this morning, which is, simply, that here we are talking about the power to use force. So, what would have to happen is, I suppose, a President would have to use it, he would get sued, and then you would have a case that would move up for a determination.

I suppose that is what you mean by that.

Senator **SARBANES**. No. I am not using it in the context of a controversy over the War Powers Act. I really am drawing these questions out of the Iran-Contra experience.

Let me just quote Secretary Shultz at those same hearings on a related point. He said, and I quote him, "You cannot spend funds that the Congress doesn't either authorize you to obtain or appropriate."

Secretary-designate **BAKER**. That's right.

Senator **SARBANES**. "That is what the Constitution says and we have to stick to it." I'm still quoting the Secretary.

Now I will join everybody in saying that sometimes it gets doggone frustrating with what the Congress does or doesn't do, and I can be critical. However, that's the system. We have to accept it, and then we have an argument about it, and try to persuade you otherwise.

Secretary-designate **Baker**. I agree with the statement, too, Senator.

Senator **Sarbanes**. Have you had a chance to look through the Iran-Contra hearings?

Secretary-designate **Baker**. No, sir.

Senator **Sarbanes**. Well, I commend them to you, at least certain parts of them, certainly the testimony of the Secretary of State. I think it underscores some problems which you need to be sensitive to and which you need to address.

Let me just ask you this question, for instance.

From whom do you think an ambassador should take direction?

Secretary-designate **Baker**. From the Secretary of State. The President, through the Secretary of State, is the normal chain. He should not take it from the National Security Council.

Senator **Sarbanes**. Would you set forth a directive that no ambassador was to receive instructions from a member of the staff of the National Security Council?

Secretary-designate **Baker**. Yes.

Senator **Sarbanes**. Would you regard it as a weakness in previous policy procedures that this was possible?

Secretary-designate **Baker**. Yes, I would.

Senator **Sarbanes**. Secretary Shultz did put in such directive as a consequence of some of the matters that took place during the sale of arms to Iran? He, in effect, said that they were given written instructions. There is a chain of command. The top of the chain is the President, the next person is the Secretary of State, the ambassador takes instructions through that chain of command, and that the ambassador is not to take instructions from anybody else unless the President decides to instruct the ambassador personally.

Secretary-designate **Baker**. I totally agree with that.

Senator **Sarbanes**. Senator Dodd mentioned earlier—I thought it was a very good point, and you responded with the squeeky wheel analogy, which I thought was an apt response—that we often take the countries that practice the values we are so concerned about for granted. Or, if they are moving in that direction, we pay a lot of attention to them in the course of their getting there, but once they get there, we tend to turn somewhere else and forget about them, even though they may need a lot of support.

In that regard, while I know it is probably inadvertent, I would like to expand page 3 of your opening statement, to include what was probably an inadvertent omission: "While in Asia, the Philippines and South Korea have joined the democratic ranks *-*-*," I think we ought to mention Pakistan in large letters there, too. It is a fairly recent but very important development, and I just want to underline it. You do talk later of the need to have a more balanced policy for India and Pakistan and to encourage the steps that are taking place there between the two countries to improve their relationships.

But I do think we need to recognize the necessity of supporting and undergirding this transition to democracy in Pakistan.

I would like to know your reaction to the proposition that a shift at the margins of resources from the military budget, from the budget under the control of the Secretary of Defense, to the budget under control of the Secretary of State could, in fact, enhance our national security interests. In other words, perhaps the current allocation of resources in the national security area is such that a shift at the margin, giving you at the State Department a little more in the way of resources to work with and perhaps a little less for defense, would result in an improvement in our national security interest.

Secretary-designate BAKER. That's easy for me to agree to, Senator Sarbanes. It happens to be something that I do agree with. But I'm not sure that you would find the same sentiment in the Pentagon.

I think our budget is $3.8 billion and their budget is $300 billion, if I am not mistaken. And you might find some sentiment there for some sort of shift at the margin, depending on what you mean by "at the margin."

I do believe this. I think that the new President is very conscious of the importance of foreign policy. He has a lot of experience in it. He has spoken to this on a number of occasions since the election, and on the importance of diplomacy and a diplomatic approach to solving problems.

So, it is easy for me to agree with your statement, of course.

Senator SARBANES. I am just trying to make the point that, in considering our national security interests, what we do in the economic, political, and diplomatic arenas in many instances can be important, perhaps indeed more important, than what we are doing in the military dimension.

We need strength in all of those arenas if we are going to advance our national interests effectively.

Secretary-designate BAKER. True.

The CHAIRMAN. Thank you very much, indeed,

Senator Humphrey.

Senator HUMPHREY. Mr. Chairman, did Senator Lugar wish to be passed over?

The CHAIRMAN. Yes.

Senator HUMPHREY. OK. Thank you.

Mr. Secretary, I want to talk about international population planning programs.

Current law prohibits U.S. funding of any organization which "supports or participates in the management of a program of coercive abortion or involuntary sterilization."

The law requires, further, an annual determination on the part of the President as to whether any country is in violation. That determination has been delegated to the administrator of AID, and every year since 1985, AID has released a review of the population program in the People's Republic of China, and every year, AID has concluded that coerced abortion is pervasive. And, on that basis, funds have been withheld from the United Nations Fund for Population Assistance, which supports and participates in the Chinese population program.

The most recent report released last year was particularly extensive. Not only did AID continue to assert that forced abortion is extensive, but they attached a 100-page white paper from the Census Bureau, based on Chinese Government documents, providing extensive documentation to the effect that coercive abortion is and remains extensive in that country.

Based on this evidence, would it be your intent to comply with the law and would you interpret it such that the UNFPA would still be ineligible to receive U.S. funds?

Secretary-designate BAKER. Well, of course it would be my intent to comply with the law, and I don't see any reason—I think I may have answered this yesterday, Senator Humphrey—I don't see any reason to change our present policies in this regard.

Senator HUMPHREY. I wasn't aware that someone had already pressed you on this.

One other question in the same general area. At the Mexico City Conference in 1984, President Reagan announced a policy such that the United States will withhold funds from any agency unless that agency certifies that neither it nor any subsidiary or affiliate does not and will not perform or promote abortion as a method of family planning.

You see, in the first instance, we're talking about programs in countries where coercive abortion takes place.

Secretary-designate BAKER. Are you talking about the Mexico City Conference in 1983 or 1984?

Senator HUMPHREY. That's correct. Yes.

Secretary-designate BAKER. Was that Ambassador Buckley?

Senator HUMPHREY. Yes, that is correct.

We're talking about programs that perform or promote abortion as a method of family planning and President Reagan's position or policy was that the United States will withhold funds from any organization that does perform or promote abortion as a method of family planning.

Secretary-designate BAKER. That policy was worked out, if I'm not mistaken, Senator Humphrey, in my office through discussions with the various agencies involved, submitted to the President, and the President signed off. It was advanced in Mexico City. I would see no reason why we would be interested in changing that policy.

Senator HUMPHREY. So, that was designed in your office when you were Chief of Staff?

Secretary-designate BAKER. Right.

Senator HUMPHREY. And you were deeply involved and you understand this and it is your intention to continue this policy?

Secretary-designate BAKER. Yes, and I am just assuming that it is the intention of the new President that the policy continue.

Senator HUMPHREY. Yes.

I want to raise a subject that I think has been touched upon a number of times but that I think still requires some clarification.

I'm not sure I was here or heard you say this, but you apparently proposed, as a solution to the Arab-Israeli confrontation, the creation of some kind of Palestinian confederation with Jordan.

Am I correct in that?

Secretary-designate BAKER. Well, no.

I was asked if it were still the policy of the United States to oppose the concept of an independent Palestinian state and I said yes, that we thought a confederation was more appropriate, that something in the nature of a confederation was more appropriate.

Senator HUMPHREY. Can you expand on that? What do you mean? A confederation with Jordan?

Secretary-designate BAKER. Yes, some sort of confederation with Jordan. That has been enunciated policy for some time and all I was doing was reciting it.

Senator HUMPHREY. I understand that, that you were not breaking new ground. But it is also a proposal which Israel has rejected from the outset and continues to reject because it means, practically speaking, giving up some or all of the West Bank, which she finds inimical to her survival.

How would you keep Arab military forces out of the West Bank and thus threatening Israel if you had such a confederation?

Secretary-designate BAKER. Well, that would have to be worked out, Senator Humphrey, by direct negotiations between the affected parties.

Senator HUMPHREY. Of course, we are talking about the long-term survival of Israel. I mean, we are blessed, in a sense, with a leader in Jordan who is somewhat more reasonable than some of the other Arab leaders. But he, like the rest of us, is not going to last forever. We are talking about the long-term welfare and survival of Israel. Supposing we had such a confederation, that such a confederation came into being with Jordan, and then Hussein was followed—as some day he will be followed by somebody—by someone who, let's say, hypothetically, turned out to be a radical and most unfriendly to Israel. Do you see the dangers in this?

Secretary-designate BAKER. Senator, I cannot sit here and hypothesize about these.

Senator HUMPHREY. I know that. But do you see the dangers to Israel in this, the potential dangers?

Secretary-designate BAKER. I'm simply restating what has been U.S. policy for quite some time. That's all I was doing when I made the comment this morning. I really think that I have elaborated on it as much as I ought to.

I was doing nothing more than reciting what is the established policy.

Senator HUMPHREY. That's quite true, and I am not suggesting otherwise. But I think it deserves to be discussed in a little greater detail and to have the potential pitfalls brought out. That is what I was seeking to do.

Secretary-designate BAKER. That is something, Senator, that is going to have to be discussed in a great deal more detail and considered at great length in the event there are direct negotiations between the parties, which, again, is, in our view, the only way to go.

But we can't sit here and crystal ball it, I don't think, to any beneficial purpose. I mean, I think when the parties do ultimately get together, if they do get together, and we hope they do, those are the kinds of questions that are going to have to be considered in quite some detail.

Senator HUMPHREY. I have a little time left, so let me just raise a new subject.

I saw somewhere in my clippings today the most pathetic photo of two children in some African country lying on the ground, dead of starvation. We have seen a lot of photos like that over the last couple of years.

I confess that I don't know the extent of what the Executive has done to protest and to try to relieve the situation in those countries where populations are being held hostage, to the point of starvation, to the insane political machinations of certain despots on both sides of the spectrum.

I would just like to urge you to undertake a new initiative to heap the hottest coals of condemnation on that kind of thing and even to find ways of breaking these blockages, hiring mercenaries, if we have to, to relieve this kind of starvation, this kind of hunger and starvation, and the cynical manipulation of populations by some of these insane despots.

I don't think we have done enough—do you—to protest what is going on? I mean, kids are just being starved to death for political reasons.

Secretary-designate BAKER. It's an extraordinarily tragic situation in a number of those countries and we have done what I think our resources permit. It is too bad that we don't have some more resources, to be honest about it, because there is a lot more that I think we could do with some resources.

We are keeping the pressure on a number of those authoritarian regimes. The situation in Ethiopia you are aware of, and the problems in the civil war in Sudan and the starvation that is taking place there. We do what we can from a humanitarian standpoint. We do what we can with our resources in the Agency for International Development. But it is not enough and it is, indeed, a very tragic situation.

Senator HUMPHREY. I don't claim to be an expert, but it is my impression that we have not done nearly enough. I think there is more maybe that we can do in extremis, in the way of covert relief—hiring mercenaries to airdrop supplies, if we have to.

I don't think there has been enough of a sense of urgency on our part in this sort of thing.

The CHAIRMAN. Thank you very much.

Senator Simon.

Senator SIMON. Thank you.

First, Mr. Chairman, if I may, I would say that I like the fact that you are here by yourself. You don't have 12 aides supplying you with information. I think it gives us a feeling that I think we all had before you came, that we have a competent person who is going to be our next Secretary of State.

Secretary-designate BAKER. Thank you, Senator.

Senator SIMON. There are just a few loose ends. First, if I may, I would follow up on what Senator Humphrey has just said.

I don't happen to favor hiring mercenaries, but I do think——

Senator HUMPHREY. I want to make it clear that I said "in extremis." I think there are a lot of things we can do before that. But if you have to in order to keep kids from dying of starvation, do it.

Senator SIMON. We can do some things.

In the immediate case, in today's paper, it is a picture from Sudan. I think we have not been as firm in making clear to the

Government of Sudan as we should be. I have had some conversations on the phone with Chet Crocker about that. I think that is one case where we ought to make clear—I don't care whether it is the Government of Sudan, or Ethiopia, or where it is—that those internal wars should not keep people from getting food who desperately need it.

Yesterday, I mentioned that we had gradually shifted in policy away from assassinations. It was pointed out to me afterward yesterday that that first became explicit American policy under Gerald Ford, when he issued an Executive order on that.

That was followed by President Carter, who also issued an Executive order. Then President Reagan, in his first year in office, issued an Executive order, saying no person in the U.S. Government or working for the U.S. Government, shall engage in or conspire to engage in assassination.

It is not part of the statutory framework.

I think it would be wise and proper for the new President to make very clear right away, either that the Reagan Executive order stands, or to issue a new Executive order saying the same thing.

Secretary-designate **Baker**. This has been the policy, of course, of the Reagan administration from the beginning. I think what we did, if I am not mistaken, Senator Simon, was simply to reaffirm the Ford Executive order. Or maybe we just let it stand—I can't remember.

Senator **Simon**. Well, it is actually a new Executive order.

Secretary-designate **Baker**. It is? All right.

Well, I would imagine that that would be the view and the approach of the new President. I cannot speak for him on that because I haven't spoken to him about that. But I would be pleased to do so.

Senator **Simon**. I think if someone could just make sure that is done so we don't do something after the horse is out of the barn, it would be useful.

You have had an excellent record on freedom of information at Treasury. I am advised by libraries that the Federal agency with the worst record in terms of fast compliance with freedom of information is the State Department. If you can pass the word along——

Secretary-designate **Baker**. We'll see what we can do.

Senator **Simon**. We talked about the need for reconciliation in Angola. Another nation where we face a tragic situation is Mozambique.

Again, I do not see a purely military solution to that situation happening. I think that your new Assistant Secretary for African Affairs, to the extent we can get both the Angola and Mozambique situation resolved politically with some kind of movement, I think it is something that ought to be on the front burner.

I simply want to reinforce what Senator Helms said yesterday on the chemical side. This morning's New York Times has a story about Iraq moving in the direction of biological warfare. I think we ought to be exerting every possible pressure there.

Then finally, Mr. Secretary, one of the nations that is showing a little movement in the right direction is Poland. I would hope that we also, in whatever ways are appropriate, encourage the recognition of Solidarity, of the efforts of Lech Walesa and some of the others, and do what we can to open that door of freedom a little more in Poland.

Secretary-designate **Baker**. We think that is important, too, Senator Simon. They are not moving, to be very honest about it, as rapidly as we had hoped they might in the economic area, in the area of freeing up their economic system. We think that there is a lot more that they can do there.

They would like to see us support them for a standby program in the IMF, and we have said if you take the steps that are necessary to begin opening up your economy, we can take a look at that down the road.

But there is more that they can do, and we really don't do them any favors by doing what we did in the 1970's, pouring a lot of money in there and having it go down the tube as a result of poor economic practices.

So, I think if we can hold the line here, encourage them, help them, give them technical assistance in taking the steps that are required to open up their economic system, they can make progress there as well.

They are beginning to make much better progress, it seems to me, on the political side.

Senator **Simon**. I concur and I thank you.

I thank you for your testimony and your answers to all of our questions. I think all of us have a good feeling about your being our next Secretary of State.

Thank you, Mr. Chairman.

The **Chairman**. Thank you very much, Senator Simon.

I have a couple of wrapup questions here.

During the recent Paris Conference on Chemical Weapons, we were asked, the United States was asked, or criticized, for asking others to foreswear chemical weapons while we insisted on having our pretty much brand new arsenal of chemical weapons.

In your view, does our binary program undercut our efforts to convince others to join in a chemical weapons ban?

Secretary-designate **Baker**. It really does not, in my view, Senator, because I don't think we would see the Soviets as anxious for a CW treaty as they now appear to be, had we not resumed production of binary weapons.

I understand the logic of the argument that was made in Paris, but the fact remains that the United States has had a chemical capacity for lo these many years and never used it or been tempted to do so.

I happen to believe that it was our resumption of binary production that encouraged the Soviets to move.

The **Chairman**. But doesn't it seem somewhat contradictory that we are urging others not to produce or to stockpile while at the same time we are doing it? How do you resolve that question?

Secretary-designate **Baker**. Well, it is difficult because you have to argue that we are going to be more responsible than others.

But the record is that we have been responsible. We have had the weapons and we have not used them, and we do support the concept of a complete ban on chemical weapons, and we would be very quick to sign up once we overcome the verification problems.

We would eliminate ours if everybody else would eliminate theirs.

But I really do believe that our resumption of production has brought a lot of people to the table, or at least it has encouraged the Soviets to come to the table.

The CHAIRMAN. But I think a small country, that might be the object of attack on our part, would want to keep its chemical weapons production in order to protect itself.

Secretary-designate BAKER. I understand the logic of it and it puts us in a very difficult position in terms of making the argument. But I have given you what I think the right argument is.

The CHAIRMAN. I don't envy you in putting it forward. It is contradictory. We know that we are nice fellows and won't use it, but the important thing is that the rest of the world should know that.

Secretary-designate BAKER. That's right.

The CHAIRMAN. In the New York Times today administration officials confirmed reports that Iraq is developing biological weapons and germ weapons—typhoid, cholera, anthrax, and things of that sort.

Are we familiar with the Iraqi program?

Secretary-designate BAKER. I can't comment on that, Mr. Chairman, other than to say that the Director of Central Intelligence has said that there are 10 countries that are currently producing biological warfare agents. We really can't say publicly who they are or we might run the risk of compromising sources and methods of intelligence.

The CHAIRMAN. What do you think could be done to convince Iraq and other nations engaged in that production to cease to do so?

Secretary-designate BAKER. I think that the kinds of efforts that were made at the Paris Conference are what is required.

I agree that we need to be serious about sanctions on use. I am aware that you introduced that legislation and that we took a position, or that the administration took a position in opposition. I am not so sure that would have been the position I would have taken had I been sitting there at the time because I really do believe we have to get absolutely serious about these chemical weapons violations.

But the way I think you move is to bring them into the discussions and the debate about achieving a complete ban.

The CHAIRMAN. But it is comforting, too, to know that the President-elect believes in this very much indeed, and wants to see chemical weapons, as I understand it, wiped off the face of the Earth.

Secretary-designate BAKER. The President-elect, as you know, tabled the treaty that was under consideration, the draft treaty, I think, that was under consideration at the Paris Conference in 1983 or 1984.

The CHAIRMAN. In essence, though, this recent Paris conference was pretty much a bust from the viewpoint of moving ahead specifically.

Secretary-designate BAKER. Yes, sir.

The CHAIRMAN. On another subject, yesterday you criticized the economic sanctions imposed against South Africa, describing them, and I think correctly, as pretty ineffective.

If effectiveness is forcing a major policy change, why, then, are we advocating sanctions against Panama, Nicaragua, and Cuba when we don't think they are effective?

Secretary-designate BAKER. Well, you know, I said yesterday, Mr. Chairman, that I thought there were serious questions about the effectiveness of sanctions and that I favored political and diplomatic sanctions over economic sanctions.

Sometimes economic sanctions can work. They have worked to some extent in Cuba. They have increased the cost to the Soviet Union significantly. They have to put up $5 to $6 billion a year to keep that client going, and part of that is because of our economic sanctions.

But as one who spent 3½ years as Secretary of the Treasury, I can tell you that economic sanctions are of limited effectiveness and many times they hurt U.S. interests, U.S. businesses, almost as much as they hurt the sanctioned country.

The CHAIRMAN. The "sanctionee."

Secretary-designate BAKER. The "sanctionee," yes.

The CHAIRMAN. I share that viewpoint.

Secretary-designate BAKER. That is probably true with South Africa every bit as much as it is true with Libya.

The CHAIRMAN. I thank you for that thought and I am sympathetic to it.

On another subject, the so-called American Agenda, which was a report Presidents Carter and Ford issued, I wonder if you have had a chance to glance at or be filled in on the foreign policy sections of that?

Secretary-designate BAKER. Yes, sir, I did glance at that.

I visited with both President Ford and President Carter about this job and their view of this job after my nomination.

The CHAIRMAN. Thank you very much.

Now we are in the third round. Do any of my colleagues here have any more questions?

Senator SARBANES. Yes, Mr. Chairman. I will be very brief.

I just want to push the Secretary a little bit on this economic agenda, which I think is very important.

It seems to me that, given your experience at the Treasury, you are in a particularly unique position to bring an economic agenda to the Secretary of State's exercise of his responsibilities. It seems to me a significant area. In fact, I think your ability to shape international events in a direction that is more amenable to our national interest is going to be very much in the economic arena.

We have talked about the debt question. We have talked about Europe 1992. You mentioned the trade issues, which I take it are GATT and all of the related items.

We have not talked about the monetary system, but, obviously, that is a matter of importance, and, in fact, the Treasury is now under obligation to report to the Congress on that issue.

How much importance do you intend to give it?

The Department is not structured heavily in that direction, and it seems to me that it is going to take some strong direction from the Secretary to move it into that arena, if, in fact, you share the view that it is an important part of your particular term.

Secretary-designate **Baker**. It is an important part of my new responsibilities, Senator Sarbanes, and we will be major players.

On the other hand, I do believe that it is important that the leadership on those issues and particularly monetary be at the Treasury Department. That is where it quite properly belongs and that is where it is best serviced, in my view.

But we will be major players and we will be involved at a very high level in all of the interagency discussions and considerations of these issues because they are very much cross-cutting of political issues, as well as economic.

Senator **Sarbanes**. Finally, Mr. Secretary, you have been accumulating a lot of assignments around here and I was noting them as they went along. You have an awful lot of things to look into.

Secretary-designate **Baker**. Yes. That's why when Senator Humphrey said he thought that $11 million increase was immodest, I'm not so sure that it is. We have a lot of extra work to do now, it seems to me.

Senator **Sarbanes**. I am somewhat surprised to hear that you have not looked over the Iran-Contra hearings. It seems to me that there is a benefit to be gained here because it represented a breakdown of the policymaking apparatus, not only between the Executive and the Congress, but, equally important, a breakdown within the executive branch itself.

I asked Secretary Shultz during those hearings, for instance—let me turn to the question of the ambassadors—"How many instances do you know in which ambassadors in the Department operated through a back channel direct to the NSC and cut out the State Department and cut you out?"

The Secretary responded, "It's a perpetual problem." Then he went on to detail some instances of the problem and his efforts to try to bring it under control.

That is simply one example of what was taking place. It seems to me that experience obviously was very harmful to the administration, indeed harmful to the country; our reaction here was that it was a matter that had to be looked into, but no one was happy that it had ever occurred. It seems to me there is a lot there that points to how things should not be done. These constitute appropriate warnings to you as you assume these responsibilities.

Secretary-designate **Baker**. I don't mean to suggest that I am not familiar with what happened and what did not happen, Senator. I am.

I simply have not read the record of the hearings. But I did serve for 4 years as the Chief of Staff at the White House, and I think I know the way the system is supposed to work. I can assure you that the new President and I and the new National Security Adviser have had specific discussions about this, and the new National Security Adviser was himself a member of one of the commissions that looked into the breakdown that occurred.

So, I really want to reassure you in case there is any doubt in your mind about whether or not I understand how it should work and how it didn't work, and how I hope and expect it is going to work in the future.

These are things that we have very specifically discussed and considered.

I don't believe it is going to happen in this administration. I can't give you any ironclad guarantee or assurance, but we have a President who, again, has spent 25 years in the Federal service, I think roughly that, much of it in foreign affairs and national security matters. I really believe that we are going to make the system work the way the system should; that we are going to respect the process; that responsible officials are not going to be circumvented; that we are going to maintain strict accountability; and that we are going to live by the rules with respect to congressional oversight.

That is our intention going in. I don't really have to, if I may say so, read the report to know that this is something that is extraordinarily important. We have seriously considered it.

Senator **SARBANES**. Finally, as Secretary of State, you have direct responsibility for the Career Service in the Department. There are a great many able, talented, and dedicated people in the Career Service. Leading them involves a range of responsibilities, and I am frank to tell you that I think probably both the Congress and the Department need to look at the legislation that was passed a few years ago that now determines how promotions and selection out are made in the Department, to see how well that is working and whether it may not have had some unintended consequences that are harmful to the Career Service.

The specific question that I wanted to put to you is this. I think it is accurate to say that the noncareer appointments to ambassadorships in the last couple of years have reached the highest percentage of such nominees since we have been keeping records of this sort. It is now up to 37 percent, or almost two-fifths of all appointments.

Back in the mid-1970's, it was 25 percent, 22 to 25 percent.

We have always had something of a mixed system, and there are arguments that can be made for it. I have not personally subscribed to the position that all ambassadors should be career, and recognize some benefits to be drawn from bringing people in on occasion from the outside, always assuming, of course, that they meet very high standards.

But it does create a problem. It blocks advancement within the Career Service. It creates a sense that people who have labored long and hard and often with great distinction cannot advance to the top of their profession. It is in marked contrast with how most other countries operate. In fact, countries with whom we are in a competition for influence often rely much more heavily on a highly professional career service.

I wonder what your thinking is on what I think is an important issue, certainly for the internal workings of the Department and also for the ability of our country to effectively project itself abroad.

Secretary-designate **BAKER**. My thinking on that, Senator, is that there is no magic number at which you should draw the line between political and career ambassadors.

Once again, the Vice President has made his high regard for the Foreign Service known in a number of ways since his election. The day after he was elected, when my appointment was announced, he made a special point of praising the Foreign Service, speaking of his experience in having worked with them through the years.

The next thing he did was to appoint a Foreign Service Officer to the highest ambassadorial post, the post at the U.N., a Career Foreign Service Officer—only the second time in history.

Of course, the third thing he has done is to appoint a Career Foreign Service Officer as the Deputy Secretary of State, or he has announced plans to nominate the Deputy Secretary of State, the No. 2 position in the Department.

So, I really believe that the extent of the new President's appreciation for and commitment to the Foreign Service is well known. I think, in terms of who we should select for ambassadors and that sort of thing, I think the President is going to want individuals with the very best qualifications serving as our ambassadors abroad, pretty much without regard to whether they are political or Career Foreign Service. But a very goodly proportion of those will be Career Foreign Service.

Senator SARBANES. Would a "goodly proportion" be a somewhat higher proportion than is currently the case?

Secretary-designate BAKER. Than currently? Perhaps.

I really would hesitate to commit to a specific percentage, having not really gotten any understanding on that with the President-elect.

It may be that he won't want to lock in on a percentage. It may be that during the 4 years it may vary, it may fluctuate.

Senator SARBANES. If I could, I would just conclude with this point.

Is it your intention, as the Secretary of State, even in those instances in which an appointment is noncareer, to have a significant say in who the appointee is and not, in effect, have it imposed on the Department by the White House staff?

Secretary-designate BAKER. Yes, that's right. I really believe that that will be the President-elect's view as well.

I do have an appreciation of his political situation as well, having been closely associated with him politically for 35 years and having been, as Senator Cranston pointed out, his campaign chairman.

So, I don't think it is inconsistent for me to have an input on both the Career Foreign Service and the political ambassadors.

Senator SARBANES. You don't think you will confront the dilemma of reviewing nominees who have come for political reasons and appear to fall short in the area of quality? You can resolve the quality of the nominee, even if it is a political appointment, can you not?

Secretary-designate BAKER. Well, yes. You have to make certain, in my view, that you don't send someone up who is likely to be found unqualified to be an ambassador to that particular country.

Senator SARBANES. There is a certain tolerance here and occasionally people go on who are not found unqualified and rejected. We pass them on through, but with a sense of, you know, couldn't they have done better.

We hope you are sensitive to that so that both career and noncareer nominees come with a record of quality that we can look at and say that he or she would be a fine representative for our country in an important post abroad.

Secretary-designate Baker. Yes, Senator.

Senator Sarbanes. So, you are sensitive to that concern of ours?

Secretary-designate Baker. Yes, indeed.

Senator Sarbanes. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

The Chairman. I think Senator Dodd has not had his chance at a third round.

Senator Dodd. Thank you, Mr. Chairman. I will try to be brief here. I am grateful to our candidate for the time that he has spent.

I know, Mr. Secretary, that this issue has been raised already, but I am not sure that it has been raised in the specific. I will raise it with you, although I don't expect you necessarily to lay out a solution to it at this particular moment.

But, again, as Senator Sarbanes has suggested, I think this is one of the issues that will demand a response fairly quickly. I speak of the refugee issue, regarding the decision that has just recently been made about taking some of the slots allocated in the Asian area to satisfy the problem coming out of the Soviet Union.

There have been a number of suggestions made, one seeking a supplemental appropriation picking up the difference, so that we don't end up competing, where you have two legitimate issues. Others have been to consider alternatives for different categories, so that you could open up some more slots.

Senator Kennedy has been deeply involved. Senator Simpson, I know you are aware, has been also involved in this matter.

There is some concern that the recent decision regarding some people in the world may be jeopardized by the squeeze.

I think you will find a fairly receptive Congress to wanting to help up to satisfy this problem so that we don't play off one group against another. Again, I think it would be unfair of me to ask you what your solution is to that particular problem, but I would like to stress the need to come up with an answer pretty quickly so that we can pursue it.

Secretary-designate Baker. I think there is a need to do that. That's why I suggested, I suppose it was yesterday, that we may very well be back up here fairly quickly.

Senator Dodd. Fine. I thank you for that.

I want to underscore Senator Sarbanes' last couple of points.

I would make a prediction that if anyone in the Bush administration tried to pull what was pulled in the last administration, you would not tolerate it for about 5 minutes. That is my guess.

Would you agree with that prediction?

Secretary-designate Baker. I would agree with that.

Senator Dodd. So, I am confident that you are going to insist upon accountability from people.

I do think it is important, however, even though each administration has its own signature, that you might look at some of the suggestions regarding who gets to see some of these decisions on covert operations.

My view would be that the Secretary of State and the Secretary of Defense ought to be included in that. I don't think that it expands the group that much, but it would, I think, be reassuring to know that there are some other people looking at this, rather than just the numbers who are presently committed to. But I presume you will look at that.

Secretary-designate BAKER. Well, the general practice, certainly for the 4 years that I was at the White House, was that they were included. I cannot remember an instance—there may have been one or two—but I really cannot remember an instance, Senator Dodd, where they were not included in a finding that the President made during that first term.

Senator DODD. I appreciate that.

The housing issue is a minute issue. But Senator Boschwitz and I spent a good part of this fall as congressional delegates to the U.N. session. By the way, I want to commend the President—and I presume you had some say in it—for sending Dick Walters to Bonn. He is one of the most distinguished public servants this country has ever produced. To be sending him to Bonn I think is highly appropriate.

I had hoped that he might stay on at the U.N. But you have made an excellent appointment there in Tom Pickering, for whom I have a high regard as well.

But I would hope that we might look at the housing problem of the employees at the U.S. mission. They have been squeezed terribly. You will find that you are going to have to have an economic test, in addition to whatever criteria you want to look at, in terms of people who can go and serve in that post.

It is prohibitive to live in that city. We have trouble at the present time in finding people to fill the slots at that mission.

I think there are some things that can be done at our level here, in terms of the tax code or other things to provide some help. At the earliest time you want to raise a solution to that—I am sure there are people who are looking at it and there have been some suggestions made already—I, for one, would be willing to help out on that and I think others will be as well. Applause should not be a standard by which we determine who goes to serve in those missions.

On the career people, I think your answer to Senator Sarbanes is an appropriate one.

I would hope you might give some prior consideration to the career people. There should be at least an assumption, everything else being neutral, that the career person would be the one you would look to first.

Obviously, I agree with you. I don't think you ought to set percentages on the political-career issue. But I would like to think there is a presumption in favor of the career person.

I hope I am explaining myself adequately here.

Secretary-designate BAKER. I understand what you mean.

Senator DODD. Do you agree with that?

Secretary-designate BAKER. I don't disagree with that, Senator Dodd. I think that that is a reasonable position to take, all things being equal. But let's assume that you were trying to maintain a certain ratio, and if you were well under that ratio and you had two candidates for post A and they were equally qualified and you really wanted to get up to the ratio, you might decide that you had to go with the political.

So, it is hard to make that commitment in a vacuum.

If, on the other hand, you are at the levels, roughly at the levels you think you ought to be at a particular time, then if things are equal, maybe you would lean over toward the career.

Senator DODD. I appreciate that.

One of the things you may want to keep in mind is, if the word goes out, in a sense, that the political doors are wide open, you may get an awful lot of pressure from people who will want to see friends and qualified people——

Secretary-designate BAKER. Senator, you are going to get a lot of pressure in any event, and we are already getting a lot of pressure. So that is there, whether there is any word going out or anything else.

Senator DODD. All right. I think we kind of agree on that.

Another point, please. I mentioned Dick Walters. Among other attributes, Dick Walters will be an ambassador to the Federal Republic of Germany who speaks German.

Secretary-designate BAKER. Who speaks German. Yes.

Senator DODD. I presume that you, like me, find it appalling in that this is a language which is not some bizarre, rarely spoken, unheard of tongue. I hope you won't find this presumptuous, but, barring some exception that you would call me on or that someone else would, I am going to insist that all our ambassadors to Latin America, as chairman of our subcommittee, speak Spanish. It is an easy language to learn.

If you tell me that there are some special circumstances that warrant a different response, I am going to be most responsive to your request. But I would like to think in this hemisphere, given the fact that Hispanic Americans are the largest ethnic group in this country, and Spanish is a language where in some parts of this country where you almost need to have it just to get along, that it is not difficult to find qualified people who can learn to speak the language of 300 million people in this hemisphere.

Secretary-designate BAKER. You might lose some very good people, though, Senator, if you adopted that as a rigid position.

Would you consider amending it to include those who would be willing to commit to learn it.

Senator DODD. Yes. I am not going to be so rigid that I say don't send me anyone. If there is some reason, or if they are in the process of learning the language. I really think it important for them to have a command of that language.

I would say, by the way, that most do right now. I would be hard pressed to name names. I know of a couple who are not exactly what I would call fluent. But, by and large, the people who are serving in this hemisphere do speak Spanish. So, it is not as big a problem as I am suggesting by my question.

I should add, obviously, Portuguese and French in this hemisphere. There are 150-some million people in Brazil who would be offended if I suggested Spanish were the only language.

Secretary-designate BAKER. And English in a few places.

Senator DODD. Yes, as well. I agree.

I think you get my drift, and I am not setting the standard as rigidly as my question maybe would indicate. But I would like to see that knowledge of a second language is an issue.

I know Senator Simon raised earlier the importance of language training in this country and there should be a greater emphasis on that.

I thank you, Mr. Secretary, for your patience over these last 2 days. I intend to wholeheartedly and enthusiastically support your nomination both here in committee and on the floor. I think we are a very lucky nation to have James Baker serve.

Secretary-designate BAKER. Thank you very much, Senator. I appreciate that.

The CHAIRMAN. Thank you.

Senator Cranston.

Senator CRANSTON. Now that all of our colleagues have either departed or exhausted the questions that they wanted to put to you, I would like to go on a world tour with you and visit continent to continent, country to country, and cause to cause, and to exchange thoughts on a lot of matters. But I will not.

I think we have had 2 very fine days together. You have learned what our principal concerns are and you have expressed your views, I think very clearly, where you chose to at this point.

I think it is notable that we did not have any contentiousness on any matter during these 2 days, and I congratulate you on what you are going to be able to do for us and the country and on the fact that I think, without any question, you will be unanimously endorsed by this committee and I think probably by the full Senate.

I will be one of those and I look forward to working with you in the days ahead.

Secretary-designate BAKER. Thank you, Senator Cranston.

The CHAIRMAN. Thank you, Senator Cranston. I must say that I share your views in my regard for the nominee.

It was mentioned that he was the campaign chairman for the President-elect. I will not go over that. But I am very glad that he has conducted himself as he has in these hearings that we have had right here.

Senator DODD. Mr. Chairman, if you would yield on that point, one of the reasons I think the Democrats are so enthusiastically supporting this nomination is the very good chance that he won't be the campaign chairman in 1992.

Secretary-designate BAKER. Not from this job, Senator. [Laughter.]

The CHAIRMAN. I agree with you, too, in connection with the President-elect, that 25 years of Federal service gives you a certain feeling for what is right and what is not right, for what should be accepted and what should not.

Having had 40 years in the Federal service, I feel very much the same.

In connection with appointing a career ambassador to the U.N., that is very good, indeed. But I was disappointed that he was not made automatically a member of the Cabinet, as I believe I am correct in saying that Charlie Yost, who was the last career ambassador there, was appointed a member of the Cabinet.

I also would be remiss if I did not express my regret at the State Department's budget priorities, where so much money is being spent on the fortification of embassies. As an old Foreign Service

Officer, I always felt that the more exposure we had, the more we were out meeting the people, the more easily the people would come into us, the better off we were. We used to make fun of the Russian Embassy in Geneva with its high walls and everything. Now you go a hundred yards further up the hill and there is the American Embassy, with just as high walls.

So, I think a good deal of money is being spent on fortifications that better could be spent on people. Most people in the field, most ambassadors, who are the ones at risk, share this view when you talk with them, that in going into the Foreign Service, you know you are going into a risky occupation. As you know, more ambassadors have been killed than generals and admirals in the last two wars in this period of time.

I think people know that and do not really appreciate quite as much fortification.

I would also add here that Senator Helms asked me to add his words of praise and approval to you and to wish you well.

We will have the vote tomorrow and I am sure the vote will be unanimous. I know that I look forward to casting my vote for you.

This hearing is now adjourned. We meet again at 10:30 tomorrow in the Dirksen Building.

Secretary-designate **Baker**. Thank you very much, Mr. Chairman.

[Whereupon, at 4:13 p.m., the committee adjourned, to reconvene at the call of the Chair.]

APPENDIX

Statement
of
James A. Baker, III
before the
Committee on Foreign Relations
of the
United States Senate
January 17, 1989

Mr. Chairman, Members of the Committee:

It is an honor to appear before you as President-elect Bush's nominee to be Secretary of State. I also appreciate your willingness to hold these hearings while we are still in the transition period. Every Administration aspires to hit the ground running, instead of just hitting the ground.

This Friday a new President will take office. He will govern an America vastly different from the country we knew even as recently as the beginning of this decade. When George Bush first campaigned for the Presidency, American institutions and values were being questioned. Over the last eight years, we have reaffirmed them. As a result, our nation has emerged much stronger both at home and abroad. For this, we owe thanks to Secretary Shultz and above all to President Reagan.

The legacy of the Reagan era is a more vibrant America. We have proven that our President can lead, that our government works, that progress can be made. The creativity of the individual and respect for his or her rights -- the touchstones of democracy -- have become once more ideas in the ascendancy.

Some of that vibrancy is reflected in the international developments of our time. Our most powerful foe, the Soviet Union, so aggressive a decade ago, is undergoing an ideological soul-searching of historic proportions. Regional conflicts long thought to be intractable -- in Southwest Asia and Southern Africa, for example -- have begun moving toward resolution with the help of creative American diplomacy. And the international economy, driven by the longest American peacetime economic expansion on record, has provided new hope for progress.

A World in Transition

These developments are symptomatic of the great changes and challenges we face in the decade ahead. Our world is undergoing five significant transformations:

First, the democratic revolution: Many nations in Latin America have recently achieved democracy or are struggling toward it, while in Asia, the Philippines and South Korea have joined the democratic ranks. But many of these new democracies are fragile. Their institutions need time to take root and success is not assured. And, while millions of people elsewhere are demanding free political institutions, we know that the demands for freedom are not always granted peacefully, if at all.

Second, the spread of free enterprise: Free markets and private initiative are the new watchwords of economic development -- because these concepts work in practice. Classic socialism and variants of government-controlled economies have been discredited. The nations of the Pacific Rim in particular have shown that the free enterprise model works astonishingly well for developing countries, not just mature economies. But in many regions, the problems of debt, large trade imbalances, and protectionist pressures overshadow this progress and threaten the future.

Third, change in the communist world: Virtually every communist government is now experimenting with economic ideas once denounced as heretical, including a role for a market economy. But the crisis of the communist systems, even by their own admission, is much broader. Political change, especially the demand for freer institutions, is high on the agenda. Yet it is not clear that reforms will be successful, or that democracy will be the outcome.

Fourth, technological progress: Rapid advances in the technology of information and communications have helped to bring about a global economy, shrinking time and space and transcending the traditional boundaries of the nation-state. It is already clear that in today's global economy, domestic economic policies can no longer be considered independently of their international consequences. But it is not yet certain that we will have the cooperation we need. And trade advantages unfairly pursued could lead to more economic strife and, eventually, to growing protectionism.

Fifth, new military trends: The same technological change affecting the international economy is altering strategic military relationships. Precision guidance enables the conventional weapons of today to destroy targets that, in years past, were assigned primarily to nuclear weapons. Research on the Strategic Defense Initiative is exploring the potential for altering the future mix of offense and defense. We must continue to assess the impact of these changes on deterrence and arms control.

There is another, more worrisome aspect of the new military trends. A dangerous proliferation of high-technology has begun. Just as we are controlling or eliminating some nuclear weapons, chemical warheads and ballistic missiles have fallen into the hands of governments and groups with proven records of aggression and terrorism.

The Contraries of Our Times and How to Approach Them

These five transformations present us with a series of contraries and paradoxes. We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be thrown back. The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs -- ultimately to the disadvantage of all. A properly conceived approach by the Atlantic Alliance could extend the progress we have made with the Soviet Union. Or through mistakes on either side of the Iron Curtain, this opportunity could be lost. Finally, new military technologies could provide a greater stability at lower levels of forces. Or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair-trigger, particularly in politically unstable regions.

I am asking you to vote to confirm me as Secretary of State. So it is right and proper that I tell you as best I can of my approach to this challenging world, this world of contraries.

During my legal training, I became aware of a set of lectures by Justice Benjamin Cardozo called "The Nature of the Judicial Process." And I recall being struck by his observation that. "There is in each of us a stream of tendency, whether you choose to call it philosophy or not, which gives coherency and direction to thought and action." Some have described my philosophy as "pragmatic." I'd like to say that labels can be misleading -- I am actually a Texas Republican, all of whom are conservative. I will admit to pragmatism, however, if by that you mean being realistic about the world and appreciating the importance of getting things done.

My purpose is not to understand this world in order to accept it, but to understand it in order to change it where necessary -- sometimes by large steps, often of necessity by small steps, yet always pressing forward. And the only sure guide for such change is the compass of American ideals and values -- freedom, democracy, equal rights, respect for human dignity, fair play -- the principles to which I adhere.

I believe in freedom for the individual because it's a God-given right and the source of human creativity. The Founders of our country recognized that such freedom was preserved best by limited government -- the checks and balances system that still provides the framework for our success. Part of that system is a decentralized government, a government close to the people, a government of the people. I would argue, too, that economic freedom, the free market system, is an essential part of the framework. Finally and above all I believe, like Lincoln, that the United States has a special role in this world, a special contribution to make -- as he put it, "the last, best hope of earth."

Leadership and Bipartisanship

My sense of realism, my stream of tendency, tells me that we can advance toward these ideals, if we are resolved on two issues.

The first is the necessity for American leadership. Some years ago, as Secretary of the Treasury, I spoke of the leadership "choice" -- but in fact it is no choice at all. As the most powerful democracy, the largest economy, the wealthiest society and the greatest concentration of scientific talents, we are going to substantially affect the future whether we do so consciously or not. We can be a force for freedom and peaceful change unlike any other in this world. But if we fail to do so, we will not be able to run or to hide from the consequences.

U.S. leadership must adjust for a world that has outgrown the post-war era. The United States is simultaneously a tribune for democracy, a catalyst for international cooperation, and a guardian of our national interests. We live in a world of powerful adversaries. We cannot take the survival of democracy for granted or assume that if we do not protect our own interests, someone else or some international organization will act on our behalf. We also live in a world of increasingly influential allies whose cooperation is essential if we are to surmount common problems. There are new, global dangers, such as terrorism, the international narcotics trade and the degradation of the world's environment that cannot be managed by one nation alone, no matter how powerful.

These realities will not permit a blind isolationism or a reckless unilateralism. Only through a realistic approach can we write a new chapter of American leadership for a rapidly changing world.

There is a second issue we must resolve. It concerns the relationship between the Executive and the Congress in the realm of foreign policy. Simply put, we must have bipartisanship to succeed. That's the verdict of history and of recent experience.

Bipartisanship does not mean that we must always agree. There are and will always be differences in approach and on substance. Airing those differences in a manner that respects the other person's right to disagree is a strong affirmation of the democratic process. But eventually we must proceed, and when we do it is best that we do so together if we are to achieve the national interest.

On this subject, let me quote Dean Acheson. He was evidently acquainted with some of our Texas customs because he said that there was a rule in the saloons of the Old West: "Never shoot the piano player." And he wrote that in foreign policy, the President was the piano player.

Yes, this is an appeal for a kinder, gentler Congress. But bipartisanship is also more than Acheson's "holy water sprinkled on political necessity." It's the lubricant that enables the branches of government to overcome their natural, constitutionally designed friction, a friction that arises from our differing perspectives and our different responsibilities.

As a realist, I know we need bipartisanship to succeed. While the Executive is responsible for proposing and executing foreign policy, the legislature supports, modifies, and sometimes vetoes a course of action. Thus, bipartisanship is decided in practice.

So let our recent experience be our teacher. When we held the line together, on Afghanistan, or throughout the INF negotiations, we succeeded. When we did not -- in Central America -- the outcome was unsatisfactory to everyone.

The conclusion is inescapable. In order to succeed, we must work together. And a bipartisan foreign policy is sustained by three principles:

First, trust that we each have the public interest in mind, that we are doing our best to carry out our responsibilities.

Second, consultation, that we are trying to communicate, that we are taking off and landing together.

Third, consistency, that our decisions and agreements, once arrived at, are in fact decisions and agreements that will be kept.

Senators Danforth and Boren have suggested a new means of consultation -- including periodic meetings of members of Congress with the Secretary of State and sometimes the President -- to discuss the larger and longer term issues. As President-elect Bush wrote to Senator Danforth on November 18, 1988, "As soon as my National Security team is in place, I will ask them to meet with you to discuss your excellent suggestions." I look forward to that meeting.

Armed then with the conviction of American leadership and the practice of bipartisanship, let us together -- the Executive and the Congress -- tackle the formidable agenda before us.

The International Agenda: The Americas

First on that agenda is our neighborhood -- the countries that border us, the countries of our continent and our hemisphere. The United States is both a continental and a maritime power, which gives us a unique geopolitical perspective. But we are not exempt from the old rule that foreign policy begins at home. It is rooted and must be rooted in our values. And it gathers both strength and vitality from our immediate neighborhood -- how well we do with our friends and neighbors to the North and South.

Recently, working with Canada, we achieved a Free Trade Agreement -- something both nations had sought for a hundred years without success. A lot of ink and some anguish has been spilled over the economic implications of this agreement with respect to certain industries. In my view, the Free Trade Agreement is in our mutual interest. And there are geopolitical implications that go far beyond the economic significance of this achievement.

The U.S.-Canada Agreement represents a signal success in a strategy designed to move all nations toward a more open trading system. It proves that the two largest trading partners in the world can not only eliminate tariff barriers but can also negotiate solutions in such areas as services and investment -- both increasingly transnational in scope -- while still respecting national sovereignty. It shows that an active, internationalist free trade policy can catalyze a bipartisan domestic coalition and turn back the forces of protectionism. So it can be done. And we look forward to working with Canada on other important issues, including international environmental problems, as we extend the range of our new cooperation.

To the South, we have an equally significant set of issues to consider. Our neighbor Mexico is deeply in debt and faces some serious challenges to its social fabric. But Mexico also has many assets -- the capabilities of its people and its significant natural resources. The Mexican Government, led by President Salinas, is taking the road of economic and political reform. It is a difficult road and we are determined to help.

It is in our interest to do so. It is time we regarded Mexico with the respect and seriousness it warrants. Whatever the past, we must all be aware that America's relationship with Mexico means a great deal: it is as important as our relationship with any other country in the world. I am convinced that we can make progress together, working on the basis of equality and mutual respect.

I know President-elect Bush looks forward to early consultations with President Salinas and Prime Minister Mulroney to chart the course ahead.

Another matter on our continental agenda is Central America. We have now had nearly ten years of frustrating and sometimes contradictory American policies toward that region. Some successes have been achieved. Most Central American nations are more democratic and more respectful of human rights than they were. And we must help to defend those achievements from threats against human rights, whether the threats are from the left or the right.

Still, the overwhelming blemish remains: the terrible draining conflict between Nicaragua and her neighbors and between the Nicaraguan Marxists and their own people, some of whom have taken up arms and merited American support.

Starting in 1987, all of the governments of the area stepped back from the brink long enough to agree on a set of principles for peace. The Esquipulas agreement, known as Esquipulas II and authored by President Arias of Costa Rica, expresses well everyone's objectives. It's a good platform for peace. What it lacks is a mechanism for enforcement. That problem emerged clearly in the record of negotiations following the Sapoa Accords between the Sandinistas and the Democratic Resistance. To date, neither democracy, as specified by Esquipulas II, nor the reintegration of the Resistance, as pledged in the Sapoa Accords, has materialized.

Clearly, we need a different approach, an approach that must be bipartisan here in Washington if it is to succeed there in the region. Events have shown that only such bipartisan action influences the Sandinistas.

That is why we must unite on clear goals for Central America -- democratization, development, and security for every state in the region. All of them must be free of the fear of subversive neighbors. All of them must be able to share in an economic development plan, perhaps assisted by our European and Japanese allies. But none of this can occur unless the promises of democracy and security become reality. We must insist on protection for human rights in Nicaragua, El Salvador, and their neighbors -- applying equal standards fairly to all.

These objectives of American diplomacy carry a great national responsibility. We cannot and we must not abandon the Democratic Resistance. We must stand by them until our mutual goals are achieved.

Finally, I'd like to make a suggestion. In 1992, we will celebrate the 500th anniversary of Columbus's voyage of discovery. I'd like to suggest that today we embark on a voyage of rediscovery -- of the Caribbean and of South America. Our neighbors in this hemisphere are engaged in a quest for greater freedom and economic progress. We share many of their interests. And together we also face the scourge of drugs.

Now is the time to take a fresh look at these problems and to make more of our opportunities to overcome them.

Transformation of our Allies and Friends

Let me move now from our neighborhood to the broader world of our friends and allies. Through commerce, political alliance and defense agreements, the United States links together two highly dynamic, advanced regions -- Western Europe and the nations of the Pacific. We are at once an Atlantic power and a Pacific power and there should not be any thought to expand one relationship at the expense of the other.

Realism compels us to understand the great changes taking place among our allies and friends in both regions. This year marks the fortieth anniversary of the founding of

NATO, the most successful alliance in history. But today's Western Europe is not the exhausted Europe recovering from its own devastation, nor is it the single Europe of the political visionaries. A new appreciation is needed on our side and theirs of how we can adapt to changing circumstances as a force for peace.

Certainly, in the first instance, it requires, as President-elect Bush has suggested, a meeting of our minds on how to proceed with a changing Soviet Union. In an era of constrained defense budgets, we require a common approach to the new military facts created by the INF Treaty -- the need to modernize our nuclear and conventional weapons. We need a set of both realistic and prudent standards for conventional arms control. We also need a common approach to the issues of loans and credits -- and trade and technology transfer -- to Moscow and Eastern Europe. Finally, we need to establish a more equitable and creative basis on which to share responsibilities. Our discourse and consultations should be free and frank as befits allies of long standing.

The stakes have not changed. Our commitment to NATO is stronger because we as nations are stronger. As long as Europe remains the most heavily armed continent, where American and

Soviet troops face each other on the front lines, the Atlantic Alliance will be our first line of defense.

~~1989 also marks 32 years since the signing of the Treaty of~~ Rome that gave official birth to the Common Market. And in only three more years, the enlarged Common Market will have achieved the objective of that Treaty -- a single market. But will this new Europe -- a rising economic superpower -- be outward looking or inward? Will it be another building bloc in the new edifice of a more open, global trading system or a massive bloc protected against external competition? Will it be a healthy, dynamic economy that produces an abundance of jobs, or a cautious, stagnant region content with persistent unemployment? The correct answers to these contraries will be found, I believe, in a Europe that looks outward, not inward, that promotes structural reform, that breaks down barriers, that offers economic opportunities for all nations, not only for Europe. As an ally and as a major trading partner, the United States will take a keen interest in this transformation.

Turning to the Pacific Rim, we find a striking success already in the making. No area offers comparable achievements in creating advanced economies in record time. This economic progress is anchored in the remarkable partnership, now four decades old, between the United States and Japan. I expect that partnership to strengthen further and expand in scope.

Many have spoken of the Pacific Century and the Pacific Rim as the world of the future. One thing is certain. The world's economic promise to the end of this century depends on how well the United States and its Pacific partners manage their affairs. Our relations with the Pacific -- as our relations with Europe and indeed our own continent -- must emphasize outward-looking economic policies that promote trade and growth. I do not underestimate the challenge in Asia, or in other regions, of achieving free and fair trade, of avoiding all forms of protectionism, including the manipulation of exchange rates. After nearly a decade when the American economy has driven international growth, we are all facing a changing world. The rule that success brings responsibility will find a fuller expression as the Pacific nations assume more important economic and political roles.

We have vital political and strategic interests in the Pacific as well. These interests are well-served by military capabilities based in Japan, the Philippines and Korea -- and by our close cooperation with these nations. We must enhance that cooperation while shouldering common defense and development responsibilities.

The United States relationship with the People's Republic of China, important in its own right, also contributes strongly to the overall stability of the international political order. President-elect Bush's extensive, personal experience in China will facilitate the expansion of our important and multifaceted ties.

Our policy toward the Pacific as a whole must tie together all strands: to assure the region's economic growth, with its global implications, in the context of a secure regional deterrence. I think we are going to see in Asia the necessity for closer coordination with ASEAN and other regional groups -- and perhaps even new institutional arrangements.

As we enter a new era characterized especially by the greater strength of our friends, the challenge of our agenda can be put this way: our mutual success should pave the road toward closer association, not a detour to the dead end of counterproductive rivalry. That's a road we must pave together.

Transnational Issues

The future of our civilization also demands that we act in concert to deal with a new class of problems, transnational in nature. Terrorism has become a means for small groups, sometimes supported by nations, to attack innocent civilians around the world. The narcotics traffickers have become powerful enough to undermine governments, even as their drugs poison societies. Fanatics spread their messages of intolerance and hate, using mass communications that cut across borders. Every nation also knows now that we face major ecological challenges. The tides and winds can spread environmental damage to continents and hemispheres far removed from the immediate disaster. Scientists have warned us against the possible consequences of a long-term warming trend, the so-called greenhouse effect.

President-elect Bush has called for an international conference on global environmental issues. I believe the U.S. must lead this effort. We need to help foster a change of attitude, a reconciliation of the transcendent requirements for both economic development and a secure environment. As Treasury Secretary, I pressed the multilateral development banks toward consideration of conservationally-sound, sustained development, and helped develop debt-for-charity swaps to aid conservation in developing nations. As Secretary of State, I hope to build on this record.

No one has yet perfected the policies of collective action we need to deal with this special range of global problems. But the stakes are too high for us to desist. We will begin with our allies, include our friends, and challenge our adversaries to make common cause in treating these issues.

Realism in U.S.-Soviet Relations

Beyond the Americas, beyond greater partnership with our allies, beyond facing global problems, lies the U.S.-Soviet relationship. Thanks to the policy of peace through strength pursued over the last eight years, our dealings with Moscow have become noticeably less tense. There has been progress in arms control -- notably the INF Treaty -- human rights, bilateral ties, and regional conflicts. We look forward to the day, coming soon, when all Soviet troops will have left Afghanistan.

Some have suggested that this progress deserves a radically different U.S. policy. Others fear that Mikhail Gorbachev has stolen a march on the democracies through such actions as the unilateral reduction in troops and tanks in Europe. The meaning and permanence of the new Soviet policies are being debated intensely, here and abroad.

There are good reasons for both optimistic and pessimistic views of today's Soviet Union. No one can doubt that there are very real changes. Many were unthinkable just a few years ago. The SS-20s are being destroyed. Soviet troops are leaving Afghanistan. Some political prisoners have been released. American doctors will soon visit psychiatric hospitals where prisoners of conscience have been sent. Soviet history itself is sometimes subject to harsh scrutiny. In other words, the slogans of glasnost and perestroika are being given content.

These are reasons to be hopeful. But realism requires us to be prudent. However fascinating the twists and turns of perestroika may be, and however riveting the details of Soviet decline as reported in Soviet newspapers, the Soviet Union remains a heavily armed superpower. The talk is different but the force structure and policies that support far-reaching interests and clients have not changed commensurately. Many of those policies and those clients are hostile to American values and threaten our interests and our allies. That's a reality.

Still, I would not underestimate the impact of Moscow's domestic troubles on Soviet foreign policy. Marxism-Leninism as a philosophy for a society must be in doubt when the system, after 70 years, produces declining health, shortages of food and consumer goods, and an obsolete industrial base. The political changes now being made are themselves reflective of a continuing paradox: While the purpose of reform is ostensibly to prevent a recurrence of dictatorial abuse, the reform itself depends on the concentration of power in one man's hands.

Meanwhile, the Eastern European countries are in ferment as the ground rules of their own governments and their relations to the USSR are rewritten. And the Baltic States and Armenia have reminded the world of ethnic dilemmas long suppressed by Stalinist methods. These situations too cannot be ignored.

In light of both the change and continuity in the Soviet Union, realistic American policy should be guided by these principles:

First, we should continue to welcome reform and changes in the Soviet Union that promise more freedom at home, in the workplace, or in public institutions. But we should never measure the progress of Mr. Gorbachev's reforms by how many credits, concessions or accommodations we might make ostensibly to help him succeed with his domestic plans. Ultimately, as the Soviets themselves acknowledge, perestroika depends not on help from outside, but on political, bureaucratic, and sociological changes in the Soviet Union.

Second, while recognizing that Moscow's policies are informed by a new sense of realism, we should also understand that our policies have contributed to that sense of realism. Our willingness to support the Mujahidin -- not only economic dilemmas in the Soviet Union -- helped bring about the Soviet withdrawal from Afghanistan. Our willingness, with NATO, to deploy the Pershing and cruise missiles -- not only food shortages -- helped bring about the INF Treaty. Where we have not raised the cost of adventure or aggression, we see little evidence of change. Can it be a coincidence that the only regional conflict where we failed to bring consistent, effective pressure -- in Central America -- we see little trace of new thinking in Soviet foreign policy?

Third, we must continue to probe Moscow along every aspect of our agenda -- arms control, human rights, regional conflicts, bilateral relations. We are interested in cooperating and negotiating to make progress wherever it can be made. Arms control should encompass conventional weapons and chemical and ballistic missile proliferation, going beyond expressions of general principles to practical details. And human rights means full compliance with the Helsinki Accords. There can be no relaxation of our standards on this issue.

Fourth, we need additional focus on the regional conflicts, whether in Central America, South Asia, Southern Africa, the Persian Gulf or the Arab-Israeli conflict. Does the Soviet Union truly see a lowering of tension, and negotiations to be in its own interests? We should not allow the rhetoric of restraint to become a substitute for restraint itself; nor should we permit interest in diplomatic processes to be sufficient in the absence of a commitment to making actual progress.

Fifth, we may need a new category in our relations, to deal with global problems such as terrorism, drugs and the environment. We ought to find out whether Moscow can be helpful on these issues and if not, why not.

I am convinced that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. Our task is to arrange affairs so that whatever the outcome of perestroika, a more responsible, constructive Soviet foreign policy will remain in Moscow's interest. We look forward to such a policy not only in dealing with old issues but the newer dangers and flashpoints that concern us. Much of the world's hope for a more peaceful international order rests on the outcome.

Resolving Regional Conflicts

I want to turn now to those very regional conflicts that have denied peace and freedom to the peoples of Southern Africa, South and Southeast Asia, and the Middle East. We have made encouraging progress in the recent agreement, mediated by the United States, that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola. And we will be watching carefully to be sure that Cuba does carry out its obligations. But more is needed. Angola desperately requires national reconciliation. And until that occurs we shall continue to support UNITA and its leader Jonas Savimbi, as President-elect Bush has indicated. Namibia will be a new and fragile state. In South Africa itself, the stresses and strains that accompany the inevitable end of apartheid will provide a severe test for all involved. We must think long and hard in this country about our role and about the effects of our actions -- not on our own self-esteem but on the people we want to help. Finally, we must also not forget the very real human and developmental needs of the people throughout Sub-Saharan Africa.

In South Asia, we look forward to final withdrawal of Soviet troops from Afghanistan and that country's achievement of independent neutrality with a government fully acceptable to the Afghan people. And as tensions decrease in Afghanistan, we also hope to build on the more constructive relationship being forged now by the leaders of India and Pakistan. It is essential to improve ties with both Pakistan and India if we are to encourage this process.

All nations in Southeast Asia and the international community as a whole should look forward to the withdrawal of Vietnamese forces from Cambodia. There, too, a difficult national reconciliation must be undertaken. The United States will continue to work for a new Cambodia, free of both Vietnamese occupation and the Khmer Rouge.

Turning to the Middle East, the Arab-Israeli conflict has long engaged America's attention, resources, and good will. Our mediation has borne partial fruit in the Egyptian-Israeli Peace Treaty, part of the Camp David Accords for a comprehensive settlement. And our policy in the Middle East has been truly bipartisan. Every Administration has made its contribution. I was proud to be part of the Reagan team that expanded our relationship with Israel into a true strategic alliance and that also met our responsibilities in the Persian Gulf.

Now, President Reagan has authorized a dialogue with the PLO after Yassir Arafat declared his organization's recognition of Israel's right to exist in peace, supported U.N. Resolutions 242 and 338, and renounced terrorism. Dialogues bring messages. And we are bringing a message to the PLO about terrorism and about the need for even more realism -- realism that makes practical progress on the ground possible. But the existence of the dialogue should not lead anyone to misunderstand our overall policy, or question our enduring support for the State of Israel.

As President-elect Bush has described it, we have a solid consensus on the objectives and means of making peace between Israel and her Arab neighbors. These include the purpose of the negotiations, which is above all a just, enduring peace that ensures Israeli security and satisfies the legitimate rights of the Palestinians. We advocate direct negotiations based on U.N. Resolutions 242 and 338, which include the exchange of territory for peace. Realistically, Jordan must play a part in any agreement. The Palestinians must participate in the determination of their own future. We continue to believe, however, that an independent Palestinian state will not be a source of stability or contribute to a just and enduring peace. These are sound principles and they should guide us.

Today, the rocks are flying and the blood is flowing -- bad blood -- between the Palestinians and the Israelis in the areas under Israeli military administration. We are determined to build upon the achievements of our predecessors in changing that situation, which must be the foundation of a secure peace. And we look forward to working with all the parties in the area to achieve it.

A Middle East policy focused exclusively on the Arab-Israeli conflict, however, would be too limited. Libya continues to be a destabilizing factor in North Africa and elsewhere in the region. Lebanon remains a rebuke to everyone's hopes for a restoration of stability and independence for that tragic country. A lasting peace remains to be established between Iran and Iraq. Meanwhile, the issues of chemical warfare and ballistic missile proliferation compel our attention.

We are going to be working with other nations to take the initiative on these issues. Surely the tragic experiences, the casualties, the victims of the Iran-Iraq war demand from the world and the region a more civilized order.

We are also going to be working with the United Nations on some of these regional conflicts. The U.N. should be seen for what it is, an expression of the world's desire for peace but also too often the scene of those passions that prevent peace. Experience indicates that when nations need channels, when nations agree upon procedures, when they agree on much of the substance, the U.N. offers a valuable forum for making progress. We support that and we support the U.N. Yet in the final analysis, the U.N. can be neither a substitute for American leadership nor an excuse for a failure to try.

Chemical Warfare and Technological Proliferation

The final point I want to discuss today is the proliferation of new and dangerous weapons, often to states with a history of terrorism and aggression. Perhaps the most frightening is the combination of the ballistic missile, against which there is currently no defense, and chemical weapons, outlawed as a crime against civilization. Yet the fact remains that these weapons have been used. The international reaction to such use has not been strong enough or timely enough. Nations are now stockpiling these weapons. And too often those few countries with the technical capacity to make these deadly chemicals have not been careful enough to prevent their proliferation.

Weapons, of course, do not start wars. Conflicts, hatreds, ambitions and sometimes accidents do start wars. Nonetheless, we must take special measures to prevent the accumulation of weapons, which, by their very nature, would create fear and hair-trigger responses. I know this concern to be very much on the mind of President-elect Bush, and we are determined to build on the recently concluded Paris Conference and to make progress soon.

Conclusion

Clearly, we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with the strong hand of a strong America. And we shall persist because we know that the stakes are very high.

In a few years, we could know whether a lasting constructive relationship with the Soviet Union is possible. Whether the world economy will progress. Whether our allies in Europe and Asia will look outward. Whether we can extend arms control and deterrence. Whether we can deal successfully with global problems like the environment, terrorism, and drugs. Whether we can create the new frameworks for the developing countries to move forward free of the curse of regional conflicts.

For me and for my generation, these are great prospects, but they are even greater for the next generation of Americans. President-elect Bush spoke for us all when he said to a group of students at Westminster College, "We have lived our lives partly in the sunlight but always in the shadow of struggle .... That struggle is not yet over." And then he told these young Americans, "Your generation has an opportunity to emerge from that shadow and finally enjoy the sunlight without fear."

Mr. Chairman, Members of the Committee. I am certain that a realistic American leadership can seize that opportunity and usher in a more peaceful and prosperous era. It is the chance to lift the shadow of struggle and to leave a better world for America that motivates me. That is why I am here today to seek your support. Together, and under the leadership of our President, we can do it.

Thank you.

JAMES A. BAKER, III

James A. Baker, III served as the 67th Secretary of the Treasury from February 1985 to August 1988. In August 1988, he assumed the role of Campaign Chairman for the presidential campaign of Vice President George Bush.

Prior to serving as Secretary of the Treasury, Mr. Baker had been appointed by President Reagan as Chief of Staff to the President of the United States, a position which he occupied from January 1981 through January 1985. While at the White House he was a member of the National Security Council and remained a member as Secretary of the Treasury. While at Treasury he was also Chairman of the President's Economic Policy Council.

In 1980, Secretary Baker served as Senior Adviser to the Reagan/Bush general election campaign. From January 1979 to May 1980 he was the Chairman of Vice President Bush's campaign for the 1980 Republican Presidential nomination.

Secretary Baker was the Republican Party's nominee for Attorney General of the state of Texas in 1978. He is a native Houstonian and practiced law there with the firm of Andrews & Kurth from 1957 to 1975.

In August 1975, Secretary Baker was appointed by President Ford to be the Under Secretary of Commerce. Secretary Baker joined President Ford's presidential campaign in May 1976 as Deputy Chairman for Delegate Operations and in August became National Chairman of the President Ford Committee.

Secretary Baker graduated from Princeton University in 1952. After two years of active duty as a Lieutenant in the United States Marine Corps he entered the University of Texas School of Law at Austin. He received his J.D. with honors in 1957.

A member of the American, Texas and Houston Bar Associations, the American Judicature Society, and the Phi Delta Phi honorary legal fraternity, Secretary Baker also serves on the Board of Trustees of the Woodrow Wilson International Center for Scholars at the Smithsonian Institution. He has served on the governing bodies of the Texas Children's Hospital and the M.D. Anderson Hospital and Tumor Institute.

Secretary Baker has been the recipient of the Jefferson Award for distinguished public service from the American Institute for Public Service, an award for Distinguished Public Service from the John F. Kennedy School of Government at Harvard and the Woodrow Wilson Award for distinguished achievement in the nation's service from Princeton University. Secretary Baker was selected in 1986 as a Distinguished Alumnus of the University of Texas. He has received numerous honorary degrees.

Secretary Baker was born April 28, 1930. He and his wife, the former Susan Garrett, reside in Washington, D.C. They have eight children.

APPENDIX

PREPARED STATEMENT OF SENATOR ROBERT DOLE

Mr. Chairman, Senator Helms, members of the committee: I am pleased to appear today, to enthusiastically endorse the nomination of Jim Baker to be Secretary of State.

I'm proud to call Jim Baker a friend. Through the many years I have known him, I have learned something that I know President-elect Bush believes strongly, too: If you want a job done right, Jim Baker is the one to do it.

I don't have to review for the committee his outstanding record of public service—key player in virtually every Presidential campaign for the past 20 years; Secretary of the Treasury and White House Chief of Staff in one of the great Presidential administrations of this century; former senior official of the Commerce Department under President Ford; and outstanding attorney for Texas for two decades.

He has been an "insider" in the best sense of that word; someone who has been at the heart of the action, and who knows how to get things done.

He faces enormous challenges at State—how to handle Gorbachev's new style of Soviet leadership; how to keep the Western alliance strong and unified in the post-INF era; how to deal with terrorism and narcotics, with lunatics like Qadhafi and despots like Ortega. All of these challenges are going to be on Jim Baker's "plate." I am confident he is up to the job.

I should also note that Jim Baker brings to the job special knowledge of the international economic issues that, year after year, grow in importance: trade, debt, investment, exchange rates. Jim Baker understands them all.

And he understands, too, the need to work with Congress. His pragmatic, down-to-earth, straightforward manner is going to take some of the "foggy" out of "foggy bottom."

President Bush could not have made a better choice. And I couldn't be more pleased than I am, to endorse this nomination, and urge Jim Baker's speedy, unanimous confirmation.

HOUSE OF REPRESENTATIVES,
Washington, DC, December 9, 1989.

The Honorable GEORGE BUSH,
President-elect of the United States, Washington, DC

DEAR MR. PRESIDENT-ELECT: We are writing to express our concern regarding persistent reports that the White House will be prepared to make a major new United States arms sale to Saudi Arabia in the early months of your administration.

We look forward to working with you on a host of domestic and international concerns. We hope and expect that the White House and Congress will be able to fashion a bipartisan consensus on a number of pressing issues. In particular, we are eager to assist efforts to secure American interests in the Middle East, to combat the perilous spread of ballistic missiles and chemical weapons in the region, and to help advance the peace process while reducing threats to such vital allies as Israel and Egypt.

We view with alarm, however, the prospect of a new, divisive proposal to add our most advanced offensive weapons systems to the already teeming Saudi arsenal. We do not believe that such arms request are justified, especially so soon after enormous Saudi Arabian arms purchases both from us and our allies. We also do not believe that prompt consummation of such new military sales would advance the Middle East peace process or other vital U.S. interests in the region. Indeed, under present conditions, we would take the lead in Congress to oppose actively an administration request to license export of such a major new Saudi arms package.

We would hope that a bitter battle so early in your tenure can be avoided. We therefore encourage you and your staff to consult very closely with Congress before making any major new arms sales commitments to nations which remain in a state of war with key U.S. allies in the Middle East.

With best wishes,

Sincerely,

MEL LEVINE,
Member of Congress
ALAN CRANSTON,
U.S. Senator
LAWRENCE J. SMITH,
Member of Congress

UKRAINIAN NATIONAL ASSOCIATION, Inc.
Washington Office
Suite 710, 400 First Street, N.W. • Washington, DC 20001

Telephone: 202-347-8629 FAX: 202-347-8631

January 19, 1989

The Honorable Claiborne Peil
Chairman, Foreign Relations Committee
United States Senate
Washington, D.C. 20510

Dear Senator Pell:

The membership of the Ukrainian National Association is concerned about the future of United States policy toward the Union of Soviet Socialist Republics. For that reason, on behalf of the Ukrainian National Association, I am submitting the enclosed statement for the record on the confirmation hearings of Honorable James Baker, III to be Secretary of State.

We appreciate the Committee taking our views into consideration as it conducts its confirmation hearings of Mr. Baker and as the Committee works with the new Administration in the formulation of US-Soviet relations.

Sincerely,

Eugene M. Iwanciw
Director, Washington Office

Testimony of

EUGENE M. IWANCIW
Director, Washington Office
UKRAINIAN NATIONAL ASSOCIATION, INC.

before the

FOREIGN RELATIONS COMMITTEE
UNITED STATES SENATE

Confirmation Hearings of James Baker, III
to be Secretary of State

January 19, 1989

Mr. Chairman, the Ukrainian National Association (UNA), the largest Ukrainian organization in the free world, is an insurance fraternal with over 77,000 Ukrainian-American and Ukrainian-Canadian members. Our members trace their heritage to Ukraine and many still have family and relatives in Soviet Ukraine. They are, obviously, concerned about and interested in US-USSR relations. Mr. James Baker, III, as Secretary of State, will play a vital role in defining that relationship as will the Senate Foreign Relations Committee and the entire Congress. It is for these reasons that we are sharing our views on the direction of US-Soviet relations.

Since the last time this Committee held confirmation hearings on the nomination of a Secretary of State, major changes have occurred in the Soviet Union and with US-USSR relations. The ascendancy of Mikhail Gorbachev has led to a radical change in Soviet style, if not substance. The policies of *glasnost* (openness) and *perestroika* (restructuring) has evoked euphoria as well as skepticism among individuals in the West and throughout the Soviet Union. It is too soon to determine the sincerity of Mr.

Gorbachev's commitment to these policies and the extent of support he enjoys among the Soviet leadership. While we welcome the increased openness and freedom recently exhibited within the Soviet Union, we approach *glasnost* with a healthy skepticism for many reasons.

The United States, as well as other democracies, is a nation of laws not of men. Human, civil, religious, and political rights are guaranteed by the Constitution, a freely elected legislature and president, and an independent judiciary. The Soviet Union, on the other hand, is still a state ruled by men and not by laws. The Soviet constitution is violated more often than adhered to; no free elections have ever been held; no opposition party is tolerated; no independent judiciary exists to uphold the rule of law. Even if Mr. Gorbachev is sincere in his desires for a more open society that respects basic human rights, his successors may easily reverse these policies. There are simply no structural or legal guarantees of the basic rights of individuals which we hold so dear and often take for granted.

A second reason for skepticism is that this is not the first time we have seen *glasnost* in the Soviet Union. Immediately after the Bolshevik revolution, Lenin declared a policy of "War Communism". That policy resulted in the deaths of millions even before the new regime fully established itself. In Ukraine alone, over 1.5 million people died between 1917 and 1920 as Ukraine was fighting for the independence it declared seventy-one years ago this Sunday. In 1920-21, that policy of "War Communism" resulted in a famine in Ukraine which took the lives of hundreds of thousands of men, women, and children.

Lenin then reversed himself and formulated the New Economic Policy (NEP), the first period of *glasnost*. Peasants were allowed to farm their own land and market their surplus; small businesses prospered; political prisoners were freed; and the republics of the newly formed Union of Soviet Socialist Republics were allowed limited autonomy. These Soviet "reforms" of the NEP period are similar to those we are hearing about today. Then, as now, the reforms were greeted with euphoria and hope for the future.

The euphoria of the NEP period, however, quickly turned to blood and tears with the promulgation of the First Five Year Plan - the darkest era in the history of Ukraine and one of the darkest in the history of humanity. Under the Five Year Plan, Stalin forced the collectivization of agriculture and attempted to destroy all semblance of Ukrainian identity. The Ukrainian Orthodox Church was outlawed, its churches destroyed, its priests and bishops executed; intellectuals were arrested; thousands of people simply disappeared never to be heard from again. A man-made famine, engineered in Moscow, took the lives of between seven and ten million Ukrainian men, women, and children in just two years. That atrocity was covered up for almost fifty years and it took a Congressionally mandated U.S. Government Commission to bring to light many of the facts of the famine in Ukraine.

With the ascendancy of Khrushchev, the Soviet Union again experienced *glasnost*. Limited dissent was tolerated and the republics were again allowed limited autonomy in cultural affairs. But, alas, this was to also end. By early 1972, Petro Shelest, the

Ukrainian communist party chief who promoted greater Ukrainian cultural autonomy, was removed; there were mass arrests of Ukrainian human rights activists; intellectuals were rounded up and sent to concentration camps, psychiatric wards, and exile. Those policies of persecution and repression continued until this most recent period of "glasnost".

Still another reason for skepticism is that *glasnost* and *perestroika* have not reached all parts of the Soviet Union, especially the non-Russian republics. In Ukraine, political arrests are still taking place; human rights activists are still being detained and harassed; peaceful assemblies are still being disrupted and the participants arrested. Despite the Soviet constitution's guarantee of freedom of religion, the Ukrainian Catholic and Ukrainian Orthodox Churches are still outlawed - the only churches outlawed in the Soviet Union - and must conduct services clandestinely. Family unification and freedom of travel are still heavily restricted. Finally, the Soviet policy of russification - the forcing of the Russian language and culture on Ukraine - continues unabated.

In other words, *glasnost* still has little or no meaning for the 50 million people of Ukraine. This same situation exists for most of the other non-Russians in the Soviet Union be they Latvians, Lithuanians, Armenians, or Estonians.

Perhaps the greatest reason for skepticism is the limits that have been imposed on human rights. What we have witnessed in the Soviet Union is not only a movement by the people for greater freedom and respect of human rights but for recognition of the natural corollary of human rights, i.e., national rights. This is the basis of the turmoil in Estonia, Latvia, Lithuania, Armenia, and Ukraine. The Soviet Union is not a nation as is the United States but an empire. The non-Russians, forcibly incorporated into the USSR over the past almost seventy years and comprising about 50% of its population, still long for not only individual freedom but national freedom and independence. The passage of time, the policies of russification, persecution, and arrests, and even famine have not altered the basic yearning for national independence among the peoples of the USSR. In the eyes of Ukrainians, communism - a failed economic system - is not the enemy; the enemy is Russian imperialism.

During the past two years, we have witnessed how strongly the non-Russians of the Soviet Union feel about independence. Today, the people of Armenia are calling for a referendum on autonomy while the people of Estonia are petitioning for out-right independence. The people involved in these movements span the whole spectrum of society including many communist party officials. Yet, we see no indication that the Soviet leadership will entertain any form of autonomy by the republics much less independence.

If the rights of individuals are to have any meaning, they must include not only the right of free speech, the right of freedom of religion, the right of freedom of assembly, the right of a free press, but also the right to organize into groups and even nations. It is only when this right of nations is recognized that *glasnost* and *perestroika* will have real meaning.

So what is to be done? The United States must continue to take a firm stand on the issue of human and national rights. We must continue to hold the Soviet leadership to a international standard of human rights outlined in the International Declaration of Human Rights (the fortieth anniversary of which was celebrated last month), the Helsinki Final Act, and, even, the Soviet constitution by their actions and not just rhetoric. We must not allow our desire for improved relations with the USSR to obscure violations of the human and national rights of the peoples of the Soviet Union. Specifically, the U.S. Government must:

1. Monitor the Soviet Government's adherence to international agreements on human rights and confront violations of those rights in unilateral and multilateral forums;
2. Promote greater access by the American press to the citizens and institutions of the Soviet Union and greater direct people-to-people contact on all levels with all Soviet citizens, not just those residing in Moscow and Leningrad;
3. Urge the Soviet Union to respect the language and cultural rights of all its citizens and to end its policy of russification;
4. Insist on the opening of the U.S. Consulate in Kiev which has been delayed for over a decade already;
5. Continue to challenge the Soviet policy of denying legal status to the Ukrainian Catholic and Orthodox Churches;
6. Insist on the free travel between the United States and the Soviet Union to include the travel of Americans to

the homeland of their ancestors as well as that of Soviet citizens to the West;

7. Continue to promote the re-unification of families, many of whom have been divided for over four decades;
8. Continue to broadcast, through *Voice of America* and *Radio Liberty*, into the Soviet Union and to insist that jamming not be reinstated;
9. Promote freer trade not just between the United States and the Soviet Union but among the citizens of both states; and, most importantly,
10. Insist on structural changes in the Soviet system which will lead to free elections and the self-determination of all the peoples of the USSR.

Mr. Chairman, we look forward to the planned 1991 human rights conference in Moscow and hope that many of these issues will be well on their way to resolution by that time. We do, however, urge Secretary of State-designate James Baker to take the issues which we have outlined into consideration when it comes time to decide whether the United States will, in fact, participate in that conference. During the next two years, we must see a greater expansion of freedom to match the rhetoric we have been hearing.

Mr. Chairman, the changes in the Soviet Union and the improved relations between our nation and the USSR provide us with cautious optimism for the future. To be fully realized, however, it will take a strong commitment by the United States not to waiver in our commitment to human and national rights. We cannot maintain two different standards. We cannot advocate self-determination for the nations of Africa and South America while turning a blind eye to the striving of the peoples of the Soviet Union.

For Ukrainians, despite almost seventy years of persecution and repression, the desire for freedom and independence has not dampened. Over a hundred and twenty years ago, the great Ukrainian poet Taras Shevchenko, to whom former President Dwight D. Eisenhower dedicated a memorial here in Washington, asked: "When will we have our George Washington?" That question is still alive in Ukraine today.

The people of Ukraine, Lithuanian, Armenia, Latvia, Estonia, and other republics look to the United States as the symbol of hope and the flame of freedom. For them, we are their last, best hope for the freedom and independence for which literally millions have died.

Mr. Chairman, our policy toward the Soviet Union must be strong and resolute. Our President, our Secretary of State, and our Congress must stand firm in the defense of the rights of those peoples in the Soviet Union who defend their own rights at great peril. We must make it clear to the Soviet leadership that we adhere to what Herbert Spencer wrote one hundred thirty-eight years ago:

> *"No one can be perfectly free till all are free; no one can be perfectly moral till all are moral; no one can be perfectly happy till all are happy."*

THE AMERICAS IN 1989:
Consensus for Action

A Report of the
Inter-American Dialogue

Published by The Aspen Institute and
University Press of America, Inc.

Preface

As 1989 begins, agreement is emerging about what must be done to tackle the major problems facing the Western Hemisphere. The central aim of this report is to advance—and to reinforce—this gathering consensus at a time of political transition in the Hemisphere.

- The governments of the Hemisphere must move quickly—with the cooperation of Japan and Western Europe, the international financial institutions, and the commercial banks—to reduce Latin America's debt as an indispensable step toward reviving the region's economies. If Latin America's perilously deep and prolonged depression is not ended soon, the consequences will be disastrous: deprivation, despair, violence and repression; growing support for ideological panaceas; expanded drug trafficking; the swelling of refugee flows; and the crumbling of democracy.
- The new U.S. administration should move promptly to support the efforts of Central America's presidents to forge a secure peace. The nations of Latin America and Europe, as well as Japan, should join the United States and Canada in developing plans for concerted measures to foster political reconciliation in Central America, aid the victims of war, and support the region's economic reconstruction. These plans should be ready to implement as progress toward peace is registered.
- The drug trade must be vigorously fought throughout the Americas, but no quick or easy victories can be expected. The campaign against narcotics should be broad and long-term, involving education, treatment, and law enforcement as well as social and economic development. Inter-American cooperation is urgently needed to identify which approaches work best to reduce demand and supply and to avoid damaging frictions over drugs.

- Democracy in Latin America is at grave risk. Disaffection, corruption, and polarization are giving rise to the threat of renewed military intervention. The democratic governments of the Hemisphere should work together to reinforce civilian control of the armed forces—and to strengthen the free press, trade unions, professional associations, grassroots organizations, and political parties.

- The United States, Canada, and the countries of Latin America and the Caribbean should take concerted actions—both remedial and preventive—to halt environmental degradation throughout the Hemisphere. The destruction of tropical forests, soil depletion, pesticide misuse, air and water contamination, and mounting dangers from sewage and industrial wastes are destroying the productivity of natural resources, damaging the health of millions of people, and threatening the prospects for longer-term development.

- The problems facing the Americas are too serious for either demagoguery or indifference. Latin American political leaders must avoid blaming all their difficulties on external causes. By the same token, political leaders in the United States and Canada must listen to and work with Latin America. In a rapidly changing world, Latin America and North America will need each other more than ever.

- Inter-American cooperation is both necessary and achievable. Throughout the Hemisphere, ideological approaches have given way in the 1980s to a new pragmatism. The countries of the Americas are more ready to work together than they have been for a generation, but this opportunity may disappear unless it is seized at once.

In short, although our Hemisphere faces very difficult challenges, we believe their nature and dimensions are widely understood. A consensus for action can be mobilized to confront these tough issues and fashion sustainable policies if the new governments in the Americas muster the political will to do so.

It is in that spirit that we issue the Inter-American Dialogue's fifth report, our most succinct and action-oriented. The problems of the Hemisphere have been amply discussed and described before; concrete recommendations are needed now.

The members of the Dialogue subscribe to the proposals presented here as individuals, not as representatives of any government or other institution. Our report is a group statement, evolving from our discussions over the past five years. Not every signer agrees fully with every phrase in the text, but all affirm that the document reflects the consensus of the Dialogue's participants. Except as noted by individual statements, each of us subscribes to the report's overall content and tone, and supports its principal recommendations.

In preparing this document, we have drawn on the discussions at our plenary in November 1988 and on working group meetings, commissioned research, and informal discussion among our members and staff. We are grateful to the many experts who have prepared material for our deliberations, and especially to John Booth, J. Samuel Fitch, Jonathan Hartlyn, William LeoGrande, H. Jeffrey Leonard, and Gregory F. Treverton, who prepared major background papers.

The Inter-American Dialogue relies on the help of many people. We owe particular gratitude to Peter D. Bell and Rodrigo Botero, the Dialogue's co-vice chairmen; to the other members of the Executive Committee; and to the members who chaired or participated in the Dialogue's working groups and task forces.

We also express our great appreciation to the Dialogue's staff: Abraham F. Lowenthal of the University of Southern California, executive director; Peter Hakim, full-time staff director; Yasmin Santiago, executive assistant; Geoffrey Pyatt, associate; Shelley McConnell, junior associate; and Diane Ferris, Lora Lumpe, and Paula Mellom, administrative assistants. We are grateful also to Jill Schuker and Luís Pásara for their help on communications, to Alan Tonelson for editorial help, and to Marge Fitzgerald for administrative support.

We thank the President of the Inter-American Development Bank, Enrique Iglesias, for delivering the keynote address at the opening of our plenary session, and for generously hosting the reception following our meeting. We are indebted also to the many ambassadors and other government officials who contributed their thoughts; and to staff members of the World Bank, the Inter-American Development Bank, the Economic Commission on Latin America and the Caribbean, and the Organization of American States who provided advice.

We owe special thanks as well to the Carnegie Endowment for International Peace, the Overseas Development Council, the Refugee Policy Group, the Helen

Kellogg Institute at the University of Notre Dame, the International Commission on Central American Recovery and Development, the Americas Society, the Peruvian Center of International Studies (CEPEI), and the Corporation for Latin American Economic Research (CIEPLAN) for their sustained cooperation.

We very much appreciate the major financial support the Dialogue has received from the Ford, William and Flora Hewlett, John D. and Catherine T. MacArthur, and Rockefeller Foundations and the Carnegie Corporation of New York. We are also grateful for contributions by the International Development Research Centre, the World Bank, the Northshore Unitarian Universalist Veatch Program, the William Farley Foundation, the ARCA Foundation, First Boston International, IBM–Americas/Far East Corporation, Chemical Bank, Marine Midland Bank, and several individual donors.

The Dialogue takes continuing inspiration from the memory of Galo Plaza, the former president of Ecuador and Secretary-General of the Organization of American States, who served as co-chairman of the Dialogue until his death in 1987. At this year's plenary, we resolved to pay tribute to President Plaza by creating an annual internship on the Dialogue's staff for a promising young professional from Latin America. We hope the Galo Plaza Internship will help imbue future Latin American leaders with the abiding commitment to inter-American cooperation that made Galo such an outstanding hemispheric statesman.

Sol M. Linowitz
Daniel Oduber
Co-Chairmen
January 17, 1989

TESTIMONY

SUBMITTED TO

THE SENATE FOREIGN RELATIONS COMMITTEE

HEARINGS

ON

THE CONFIRMATION OF THE HONORABLE JAMES A. BAKER III

AS

SECRETARY OF STATE

BY

REVEREND MAURICE A. DAWKINS

17 January 1989

Honorable Claiborne Pell, Chairman
Senate Foreign Relations Committee
Senate Dirksen Office Building
Washington DC 20510-6225

Dear Mr. Chairman:

I believe it is important to add the voice of Black Americans to those testifying in favor of the confirmation of the Honorable James A. Baker III as Secretary of State.

As the National Government Relations Director for the Opportunities Industrialization Centers, a Nationwide Network of Non-Profit Job Training Corporations, I had the opportunity to meet and talk with Secretary Baker while he was serving as Chief of Staff to President Reagan. He thereafter arranged for the President to visit our Boston High-Tech/IBM Training Center and follow-up with Labor Department plans to increase support for replication of such programs in other cities. He helped provide for an open door policy to Black and other minority non-profit organizations through the Public Liason Office of the President.

He encouraged special consideration to the solving of special problems of disadvantaged of all races by agency heads, including the Secretaries of Commerce, Housing, Health and Human Services, Education, and Defense, and used their good offices to work on Minority Business Development, Fair Housing, Health Care, Self-help Training and Black College support.

Based on these facts, and the opinions of Black leaders in the State of Texas who have known him for many more years than I have, my testimony is to affirm the faith and confidence that Black Americans have that he is a sensitive, tough minded, insightful and effective leader who will work to find new solutions to the complex problems affecting America and Third World countries, particularly in Africa. We see him as a strong advocate for the goals and priorities of America combining a firm determination to protect the nation's vital interests with a humanitarian conscience that assures even-handed foreign policy formulation and implementation.

We further see him as a pragmatist building on the foundation provided by United States policies leading to peace throughout the world, and as one possessing the capacity to match flexibility and creativity in diplomacy with hard-lined adherence to the principles of democracy and freedom.

In today's world of global economic interdependence, his unique experience as our Secretary of Treasury has prepared him to give extra ordinary leadership in the days and years ahead with his colleagues, the Foreign Ministers of other nations.

Mr. Chairman, I feel that President-elect Bush knows the goals and priorities that will enable his Administration to advance America in the years ahead, and build the kind of world in which the next generation can survive and prosper.

I feel that Mr. Baker will prove to be an outstanding Secretary of State, based on his proven record of outstanding Executive Administration and excellent cooperation with the Legislative Branch of our Government.

I am confident the President-elect feels that the skills, talents, experience and contacts of Secretary Baker will instill confidence in our allies and increase the respect of our competitors, and that our friends and foes will all agree that they can work well with him.

Tradition calls for a deliberate examination and consideration of a new Secretary of State. In this case, I submit that Black Americans join with other Americans in sending prayers and good wishes from across the land to join you and your colleagues in urging speedy confirmation.

I am sincerely,

Maurice A. Dawkins

Reverend Maurice A. Dawkins

CLAIBORNE PELL, RHODE ISLAND, CHAIRMAN

JOSEPH R. BIDEN, Jr., DELAWARE
PAUL S. SARBANES, MARYLAND
ALAN CRANSTON, CALIFORNIA
CHRISTOPHER J. DODD, CONNECTICUT
JOHN F. KERRY, MASSACHUSETTS
PAUL SIMON, ILLINOIS
TERRY SANFORD, NORTH CAROLINA
DANIEL P. MOYNIHAN, NEW YORK
CHARLES S. ROBB, VIRGINIA

JESSE HELMS, NORTH CAROLINA
RICHARD G. LUGAR, INDIANA
NANCY L. KASSEBAUM, KANSAS
RUDY BOSCHWITZ, MINNESOTA
LARRY PRESSLER, SOUTH DAKOTA
FRANK H. MURKOWSKI, ALASKA
MITCH McCONNELL, KENTUCKY
GORDON J. HUMPHREY, NEW HAMPSHIRE
CONNIE MACK, FLORIDA

GERYLD B. CHRISTIANSON, STAFF DIRECTOR
JAMES P. LUCIER, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510-6225

February 9, 1989

The Honorable James A. Baker, III
Secretary of State
Washington, D. C. 20520

Dear Mr. Secretary:

The Committee appreciates receiving the report of your financial holdings, with the list of all those companies and entities subject to your recusal commitment.

After reviewing your recusal statement of January 25, the Committee's Counsel notes that your blind trust retains shares of Chemical New York Corporation and National Loan Bank and other shares that could bear on your role as Secretary of State, particularly with regard to Third World debt and related issues. Accordingly, the Counsel has recommended that the Committee should have information on the size of the financial investment that you have in each of the entities in your qualified blind trust.

Pursuant to this advice, I would be grateful if you would provide the Committee with a list of these entities and their current dollar value.

With every good wish.

Ever sincerely,

Claiborne Pell
Chairman

FAX RECEIVED BY THE COMMITTEE 2/9/89

8901353

THE SECRETARY OF STATE
WASHINGTON 1/25

January 25, 1989

MEMORANDUM FOR: UNDER SECRETARY FOR POLITICAL AFFAIRS
UNDER SECRETARY FOR MANAGEMENT
LEGAL ADVISER
ASSISTANT SECRETARY FOR ECONOMIC AND BUSINESS AFFAIRS
EXECUTIVE SECRETARY

FROM: SECRETARY BAKER JAB III

SUBJECT: RECUSAL FROM PARTICIPATION

This is to notify each of you that I am recusing myself, and will decline to participate in, any particular matter in which my former firm, Andrews & Kurth, is a formal party or in which it has a direct and specific financial interest, such as representing a party in such a particular matter. No such matter should be presented to me for decision, approval or disapproval, recommendation, advice, or other official action. All such matters should be directed to the Under Secretary for Political Affairs, or his delegate, who has full authority to act without referring the matter to me.

In addition, I will recuse myself from any particular matter in which I, my wife, or my dependent daughter has a financial interest. I have attached a list of companies and other entities in which one of us currently holds a financial interest. Again, all such matters should be directed to the Under Secretary for Political Affairs or his delegate.

Finally, I will recuse myself from participation, on a case by case basis, in any particular matter in which, in my judgment, it is desirable for me to do so in order to avoid the possible appearance of impropriety, despite the lack of any actual conflict of interest.

Once a Deputy Secretary has taken office, all matters on which I am recused shall thereafter be directed to the Deputy Secretary or his delegate.

I believe that this general policy, to which I am committed, will avoid not only the occurrence of any actual conflict of interest, but even the appearance of any conflict between my duties as an officer of the United States Government and my personal financial interests.

Attachment: as stated

HOLDINGS OF JAMES A. BAKER, III, AND HIS IMMEDIATE FAMILY
JANUARY 25, 1989

Corporations, Including Affiliates and Subsidiaries

Amoco
Chemical New York Corporation and National Loan Bank
Commonwealth Edison
Exxon Corporation
Houston Industries, Inc.
MCorp
Salomon, Inc.
Schlumberger, Ltd.
Texaco, Inc.
Texas American Bancshares, Inc.
Time, Inc.
United Technologies Corp.
Wainoco

Limited Partnerships, Closely Held Corporations, Other Entities

Frio County Ranch
Garrett Ranch, Inc.
Property Capital Trust SBI
Residential Resources Mortgage Investments Corp.
Trinity Petroleum Trust
Sublette County Ranch
Wilson Industries

Bonnie Sue (Texas and Louisiana Limited Partnership)
Lady Thelma (Texas and Louisiana Limited Partnership)
Alice Jean (Texas and Louisiana Limited Partnership)
Hollywood 1004-7, 3009-14, 3003-6, 3007-8, 1008-14 and 3015 (Texas and Louisiana Limited Partnerships)
Hollywood Chem. 107 and 108 (Texas and Louisiana Limited Partnerships)
Hollywood LPG No. 2 (Texas and Louisiana Limited Partnership)
Lana Louise (Texas and Louisiana Limited Partnership)
Petro-Quest Associates 1980-1 (Pennsylvania Limited Partnership)
Hope # 1, 2, 3 and 4 wells, Lewis County, West Virginia
Claude Owens lease, Pecos County, Texas

Responses of James A. Baker to Questions Asked by Senator Pell

LICENSING PROCESS/ARMS EXPORT CONTROL ACT

The Office of Munitions Control (OMC) administers the licensing process required by the Arms Export Control Act for transfers of technology and exports of end use items and components related to military sales and cooperative projects with our allies. Currently, delays in the licensing process, even in routine cases, cost American companies millions of dollars in lost and delayed sales, and discourage allies from buying from or cooperating with U.S. companies. As Secretary of State, are there steps you could take to reduce the licensing requirements, and/or to increase the resources available to handle the licensing process?

ANSWER

During FY-88, the State Department increased OMC's staffing from 31 to 38 positions, approved a relocation to larger quarters, ordered an automated attendant telephone system, and purchased a $1.8 million state-of-the-art optical disk-based ADP system.

The Department has also instituted a number of steps to speed license processing and improve access to industry, including the following:

-- Requested from DOD the non-reimbursable detail of six technical specialists to assist in license application review pursuant to the authority granted in the Foreign Relations Authorization Act (PL 100-204).

-- Increased OMC participation in export control training and industry outreach programs.

Finally, during FY-89 the Department will commence another review of the Munitions List. Our objective is to remove from the Munitions List those articles that no longer have to be controlled for foreign policy or national security reasons.

However, license applicants will continue to experience some delays as OMC completes staffing-up, reorganizes, retrains, relocates, and adapts its new automated equipment. In short, we are just at the beginning of the "learning curve" required to create a more efficient and effective munitions regulation process.

Responses of James A. Baker to Questions Asked by Senator Biden

NARCOTICS

Q: Given the many obstacles that we face in international narcotics control efforts -- corruption in the drug-producing nations, domestic opposition to narcotics control efforts in those nations, and the economic influence of drugs -- how much do you think we can accomplish in drug-producing countries?

A: While the obstacles to international narcotics control are serious, a global understanding is growing that drugs threaten all nations and that multilateral cooperation is essential to curb production, trafficking and demand. Rising levels of drug abuse in producer and transit nations, as well as associated crime and links between traffickers and insurgents, are compelling many governments to call for help in fighting the problem. Our bilateral assistance programs are expanding in support of strong domestic efforts in a number of countries and international organizations are stepping up their activities as well, especially in South America. A good deal is being accomplished but much more outside help will be needed to get production of drug crops under control, shift farmers into legitimate livelihoods and destroy the lucrative trafficking structures that have developed to fuel first foreign and then domestic drug demand. We are well aware, however, that all of the enforcement programs in the world won't solve America's drug problem unless we make progress at home in reducing the demand for drugs.

Q: Many of my colleagues in Congress have called for the use of economic sanctions against drug producing countries which do not cooperate with our control efforts.

(a) Do you think sanctions are a viable option in dealing with these countries?

(b) When should we impose sanctions?

(c) What other leverage do we have to encourage greater anti-drug efforts by foreign governments?

A: Sanctions have long been a part of international drug control legislation, with varying results, generally depending upon the relationship between the U.S. and specific countries. For producer or transit countries with which we have close trade and assistance ties, the threat of sanctions has had an important impact; for nations that are essentially hostile to us or with which trade and aid relationships are minimal, sanctions have had little effect. The presidential certification process mandated by the Anti-Drug Abuse Act of 1986 has elicited criticism but also higher levels of cooperation from nations closely linked to the U.S. and some efforts to accommodate our law by countries that hope to improve bilateral ties. Nations denied certification -- Afghanistan, Iran, Panama and Syria -- have denounced the law and taken no steps to cooperate with us against the drug trade.

(a) Sanctions are a fallback measure when other efforts to work for understanding fail; their existence and our likely imposition of penalties for failing to cooperate are spurs to action in many specific cases and, even where they have no impact, they are taken into careful account when governments assess relations with us.

(b) Sanctions will be imposed on countries that fail to comply with their undertakings to cooperate with the U.S. or that are engaging in drug production/trafficking as a matter of state policy. U.S. assistance has been cut off as a concomitant to the presidential certification process; trade sanctions and negative votes against loans in the international financial institutions, as provided in the 1986 Anti-Drug Abuse Act and as amended by the 1988 Act, are also viable options.

(c) The cut-off of U.S. aid is an important sanction for countries receiving aid, as are the withdrawal of trade preferences for countries enjoying significant trade with us, and a negative American vote on loans in some financial institutions is tantamount to a veto. These are telling sanctions for some nations but, as noted, have little impact on others. While not a sanction in itself, the denial of presidential certification does cause embarrassment to some of these nations.

Q: What do you think it will take to significantly reduce worldwide drug production -- a massive investment of U.S. foreign aid? And if so, given the systemic problem of corruption, how do we know that our money will be well spent?

A: In some countries where opium growing was a tradition of hill peoples, sizeable multilateral assistance programs backed up by tough law enforcement resulted in steep production cuts -- in Thailand the program shows solid long term results and in Pakistan results were excellent in targetted areas but production increased elsewhere when enforcement faltered. In the coca producing areas of the Andean region, a multilateral development assistance effort along somewhat similar lines is needed.

Q: I have long expressed concern about the priority of the narcotics issue within the State Department. State Department officials have often acted as though narcotics control was a domestic issue that should be handled by the Justice Department or by local law enforcement agencies. Drugs, however, is clearly a national security issue that the State Department should be involved in.

Last year, the Department's narcotics bureau received $98 million in funding -- less than 1% of the $14 billion foreign aid budget for fiscal 1988.

(a) Given the importance of the narcotics issue, do you think this level of funding for narcotics programs is sufficient to implement U.S. drug policies?

(b) If not, should we redirect existing foreign aid resources to increase funding for narcotics control programs?

A: While I have not yet had an opportunity to review the fiscal 1990 budget submission, I am aware that the request for the International Narcotics Matters Bureau is $115 million, an increase of approximately 14% and thus beyond the 2% provided for in the budget summit agreement. Let me assure you that I regard narcotics control as a security issue and that the Department will assign it the priority it deserves. I will carefully evaluate the budget picture over the next weeks, in consultation with the new Director for National Drug Control Policy, Mr. Bennett.

Q: Narcotics-related positions at the State Department are not usually viewed as desirable for Foreign Service officials interested in career advancement.

(a) Will you consider past narcotics-related experience in selecting ambassadors and other policy-level officials in the Department?

(b) What additional steps do you think can be taken to increase the desirability of narcotics-related positions within the Department?

A: Since the State Department reported to the Congress on personnel issues in 1986, and especially since the establishment of a narcotics specialist group of up to ten officers, we have had more success in filling our overseas narcotics control positions. I regard international narcotics control as a high priority foreign policy issue and will assure that our personnel policies take full account of the skills our officers are developing in defending our national security, both in the assignment of ambassadors and the promotion of mid-career officers.

Q: I am troubled that the low priority of drugs on the State Department's agenda has resulted in poor management of drug programs. The General Accounting Office has conducted several recent reports on U.S. drug control efforts in South America, Southeast Asia and Mexico. One of the most consistent findings was that U.S. drug control programs have been poorly managed, particularly because of a lack of clear goals and objectives for specific drug control projects.

What steps do you think can be taken to improve the management of the State Department's drug control projects?

A: The Department has given a high priority to the drug issue. I, and other senior Department officials, will raise the issue in our discussions with foreign leaders from affected nations. I have called attention in my testimony to the need to deal creatively with transnational issues -- of which the drug problem is prominent. Transnational issues like drugs must be considered a major new part of the international landscape, requiring greater attention and multinational responses. We are committed to leading such efforts.

The GAO was critical of some aspects of our operations and much has been done to resolve problems and improve management. One of the more notable innovations has been the requirement for each embassy to submit a Post Operating Plan. These plans contain very clear goals and objectives for specific projects and progress toward goals and objectives is evaluated quarterly. Funding decisions in INM are now based upon the strength of these plans.

A number of other steps have been taken since those reports were written. For example, our regional airwing operation is crucial to all our objectives and the new maintenance and support contracts for Mexico and for South America will result in considerably improved management of our support system.

Q: Despite increased U.S. efforts, worldwide drug production continues to skyrocket. In the past eight years, the State Department has spent $475 million on drug control programs. We have deployed the U.S. military in Bolivia. And we have threatened to impose economic sanctions against several major drug producing countries. Yet, from 1982 to 1987, coca production jumped 125 percent and heroin production increased almost 60 percent.

Given the very limited successes that we've had on the international side of the drug problem, do you believe that we should devote more resources to helping foreign governments control drugs at the source or should we redirect some of these resources to programs here in the United States?

A: Gross worldwide production of opium and coca has increased. A strong surge of new heroin use has occurred in Southeast and Southwest Asia, where some addict populations now exceed our own. There are indications that heroin and cocaine use are increasing significantly in Western Europe. On the other hand, heroin use has remained steady for more than a decade in the United States, and some data indicate that the use of cocaine is declining. The point is that we are no longer the single engine of consumption driving worldwide production.

Second, economic and political situations in the Andes, as well as in countries like Burma and Afghanistan, have encouraged farmers to increase their acreage of coca and opium. Farmers can still earn five to ten times as much from harvesting narcotics crops as they can from legitimate agriculture, and until the combined effect of eradication, interdiction, laboratory suppression and alternative economic programs change that incentive equation, farmers will continue to cultivate drug crops.

Third, we certainly do not favor shifting funds away from the narcotics program. There is definitely a need for a balanced U.S. program that gives emphasis to both supply and demand reduction, both structured for optimal success but not by increasing one at the expense of the other.

We are reviewing resource issues quite closely. We provided Bolivia and Peru a combined total of 17 helicopters to cover a growing region that is equivalent in area to our Southern and Southwestern states. We're attempting to displace an integrated coca economy that earns hundreds of millions of dollars for local economies. The reality is that we will have to increase economic as well as enforcement assistance. We will have to look to other donor nations to help meet this challenge.

Q: Last year the State Department established an objective of cutting coca production by 50 percent in the next five years.

Do you think this is a reasonable goal, and if so, do you anticipate requesting a large increase in drug control funds for the Department to carry out this objective?

A: The objective was predicated on intensive testing in South America to identify a herbicide which could be effectively and safely sprayed to destroy coca crops. If we had been able to complete the tests in Peru in 1988 and buy the chemicals that these tests confirmed as effective and environmentally safe, we could have made substantial progress toward the objective of reducing coca production by 50 percent over a five year period. We are still working with Peru to analyze test data from ground studies, and we are still hopeful of proceeding with aerial tests and eventually conducting a comprehensive program. Cutting production by at least 50 percent over five years remains a viable objective. When we move from the testing to the program stage, additional funds will be required, but we have not yet arrived at a figure for narcotics control or the economic assistance I mentioned earlier.

Q: In the Caribbean Basin Initiative (CBI), the United States required countries to relax bank secrecy laws and otherwise cooperate with certain U.S. law enforcement efforts before the tax benefits of the initiative would become available.

(a) From your experience at the Treasury Department, do you think that tying law enforcement cooperation to trade issues in this context has been effective?

(b) Do you anticipate including law enforcement and drug cooperation components in future bilateral and multilateral trade agreements?

A: P.L. 99-570, as amended in 1988, authorizes the President, at his discretion, to suspend CBI and other trade preferences for any major source or transit country which is denied narcotics certification. The entire process of certification is reasonable and effective, and I think we have every right to expect cooperation from countries which receive our economic and military assistance, or trade benefits. Officials at State and Treasury believe the potential loss of these benefits has been a factor in the decisions of several governments to improve their narcotics enforcement programs. Trade sanctions have not been a factor in the countries denied certification to date, but it is a tool which we are willing to use. I don't think including narcotics control as a condition in trade agreements is necessary, given the provisions of the Anti-Drug Act.

Q: As you know, President-Elect Bush recently named former Secretary of Education William Bennett to serve as the First Director for National Drug Control Policy. He will be charged with developing and coordinating all U.S. policy with respect to illegal drugs -- including the international aspects of U.S. drug policy.

(a) Are you prepared to work with the New Drug Director even if it means sharing some authority previously exercised solely by the Secretary of State?

(b) What role do you think the Director should play in developing the State Department's international narcotics control budget and the allocation of foreign assistance funds to major drug-producing countries?

(c) The 1986 Drug Bill required U.S. foreign aid funds to be withheld from drug-producing countries unless the President certifies that a country has "cooperated fully" with U.S. drug control efforts. What role should the new Director play in making recommendations to the President with respect to certifications decisions?

A: (a) I believe that all elements of the narcotics control community must continue to work together to resolve this terrible national problem. Mr. Bennett will have my complete cooperation and support, and I expect us to work very closely together on the international aspects of U.S. drug policy.

(b) As I understand the new drug law, the Anti-Drug Abuse Act of 1988, the Director for National Drug Control Policy has the responsibility to review the Secretary of State's proposed budget for international narcotics control. His role is advisory as I understand the law; that is, he will advise both the Secretary of State, Director of OMB, and the President as to his assessment of our proposed narcotics control budget.

As for the allocation of foreign assistance to major drug producing countries, this is the responsibility of the Secretary of State, as is the formulation of recommendations on certifications for narcotics source and transit countries mandated by Sec. 481 (h)(2)(A)(i) of the Foreign Assistance Act of 1961, as amended by the Anti-Drug Abuse Act of 1986 (P.L. 99-570). I will, however, take the advice of the new Director, as well as others in the narcotics control community, into consideration when considering such recommendations to the President.

(c) As noted above, I expect the new Director for National Drug Control Policy will play an advisory role to the President with respect to certification decisions.

Q: In recent years, the United States has suffered because of the lack of a bipartisan consensus on foreign policy. The conflict between the Executive and Legislative branches and between Democrats and Republicans has seriously hindered our ability to lead the Western Alliance on foreign policy issues.

With a new President and Secretary of State and a new Drug Director in the Cabinet, I think we have an important opportunity to find a common ground in the area of narcotics control.

(a) Would you be willing to come back to this committee with your suggestions and to work with Congress and the Drug Director in charting a new, bipartisan course for U.S. international drug control policy that could be incorporated into the national drug strategy that is due in the next six months?

(b) Can you tell us, in general terms, what recommendations you might make to the Drug Director about the goals and objectives we should be pursuing as part of our international drug control policy?

A: (a) I believe we have no alternative but to chart a bipartisan course for U.S. international drug control policy, and I expect to be working closely with the new Director for National Drug Control Policy and the Congress to achieve this bipartisan goal.

(b) I have not had sufficient time to review our current international drug control policy in depth, but, from the briefings I have had and the materials I have reviewed, I believe considerable thought has gone into the formulation of our international narcotics control strategy. We must remember that our resources are severely constrained and we are dealing with underdeveloped sovereign countries which, unfortunately, have become dependent to some degree on narco-dollars to support their sagging economies.

Whaling

Q: Efforts to uphold the International Whaling Commission's moratorium on whaling provide an interesting example of the difficulties in encouraging or enforcing compliance with international agreements. The "bad actors" in whaling number only two or three countries and are known to all, but the United States, up to now, does not appear willing to take the steps necessary to make the moratorium completely effective.

My question is, if the moratorium on whaling cannot be enforced, what hope is there at international agreements on broader issues like global warming or ozone depletion will be enforced meaningfully?

A: In 1982, the International Whaling Commission adopted a moratorium that became effective in 1986, with catch limits for commercial whaling set at zero. The Governments of the Soviet Union and Norway have maintained legal objections to the moratorium; however neither of them have engaged in commercial whaling since 1987.

The US strongly supports the IWC's 1986 moratorium on commercial whaling. We believe voluntary compliance is the most effective means of obtaining adherence and have encouraged all governments to participate in the moratorium.

I do not believe that the record with respect to the IWC moratorium on commercial whaling represents an adverse precedent for other international environmental agreements. In 1982 when the commercial whaling moratorium was adopted, over 12,000 whales were killed. In 1988 fewer than 700 were taken, and those were under the IWC provisions for scientific research and to satisfy aboriginal needs. I believe that this is a commendable record of accomplishment.

Whaling

Q: The use of a bilateral agreement that allows Iceland to continue whaling in violation of the International Whaling commission (IWC) moratorium appears to run contrary to our long-standing policy in support of the IWC moratorium. The issue is in litigation, so I won't ask you to comment in detail on the matter.

I would, however, ask if you would assure this Committee that you will, as Secretary of State, take a fresh look at these agreements and that you will also make sure that interested Members of Congress are advised and consulted before any similar agreements are negotiated in the future.

A: On June 22, 1988, the Icelandic Foreign Minister and the U.S. Ambassador to Iceland exchanged letters concerning the Icelandic whale research program. In these letters, Iceland indicated its intent to modify its program in certain respects, in response to the concerns of the United States and the IWC, and the United States indicated its view that the program, as modified, would not diminish the effectiveness of the IWC conservation program.

As this exchange of letters is currently the subject of litigation, I do not think it would be appropriate to discuss it in detail. However, I would note that the IWC moratorium concerns only commercial whaling, not whaling for scientific research purposes, which is specifically exempted from the coverage of the Whaling Convention. We therefore believe that the exchange of letters was consistent with our long-standing policy in support of the moratorium. The exchange of letters concerned only the 1988 Icelandic research program, which was completed last summer.

We would be pleased to consult with Members of Congress closely about our whaling policy.

Debt for Nature Swaps

Q: What role do you foresee, if any, for the State Department in encouraging so called "debt-for-nature swaps?" Would it be appropriate to use foreign assistance money to facilitate those swaps?

A: Last April 13, while I was still Secretary of the Treasury, we submitted to the Congress a report regarding possible initiatives by multilateral development banks to facilitate debt-for-nature swaps with developing countries. We also supported the development of private sector initiatives aimed at converting a portion of developing nations' debt into local currency for conservation and environmental use. I was personally involved in promoting revisions of the tax law to encourage debt-for-nature swaps, and plan to continue exploring innovative approaches to debt and development issues along the lines of the co-financing packages worked out during my tenure at the Treasury. I thought these were good suggestions at the time, and still do.

I believe the proper role for the State Department is to work closely with Treasury to encourage the World Bank and other multilateral development institutions to take a number of initiatives, including the following:

-- "piggy-backing" debt-for-nature conversions onto MDB loans and environmental programs;

-- integrating environmental policy into the banks' structural adjustment and sector loan programs;

-- considering pilot programs in certain countries;

-- exploring the possibility of making loans available for tropical forest and wetlands protection, and offering technical assistance regarding the start-up of debt-for-nature programs.

At the time of last year's release of the Treasury report to the Congress, we did not envision the U.S. government playing a direct role in debt-for-nature swaps. I understand, however, that A.I.D. has been in close consultation with nongovernmental and private voluntary organizations concerning the feasibility of very limited debt-for-nature pilot projects witin the narrow legal constraints currently governing A.I.D. debt-swap activities. In view of the increased public awareness of this issue, and the importance of preserving our fragile environment, I believe that the entire debt-for-nature concept is a subject worthy of serious study. The Department of State will be actively engaged in the consideration of this concept.

Global Climate Change

Q: As Secretary of State, you will be in charge of coordinating our nation's efforts on global warming with those of other countries. What steps do you plan to take in 1989 to clearly establish U.S. leadership on this issue in the international arena?

A: The President is committed to U.S. leadership in addressing global warming. Our international effort will be focused on the newly-formed Intergovernmental Panel on Climate Change (IPCC), in which we will play a very active role. In particular, we chair the IPCC's key Response Strategies Working Group, which will provide the principal international forum in which policy options related to climate change will be discussed. We hosted the first meeting of the RSWG at the State Department January 30-February 1. In introductory remarks to that meeting, I sought to underscore the importance of U.S. efforts to understand and react to possible global climate change. The U.S. also participated in two other working groups on science and the potential impacts of climate change.

At the same time, the United States Government will continue to participate actively in international efforts to coordinate and promote research to narrow the uncertainties regarding global climate change, including activities under the World Climate Program and the International Geosphere-Biosphere Program, the OECD, and the IEA.

Global climate change should be a topic of discussion in meetings such as the seven-nation economic summit and meetings with Mr. Gorbachev, and should be fully taken into account in the development policies both of U.S. agencies and multilateral organizations. The President is committed to an international conference on environmental issues, and I have proposed adding transnational issues, including the environment, as a fifth part of the U.S.-Soviet agenda.

Global Climate Change

Q: An economic summit meeting is planned for June of this year in Paris. What steps should the U.S. take at that meeting to gain the cooperation of the major industrialized countries on global warming?

A: The economic summit meeting will provide an excellent opportunity for early discussions on the possible implications of potential global climate change for our societies. We are working actively with other industrialized countries (including those represented at the annual economic summits) in the Intergovernmental Panel on Climate Change (IPCC), in the International Energy Agency (IEA), and in the Organization for Economic Cooperation and Development (OECD) to analyze potential impacts and policy responses. The summit will provide an opportunity for consultations at the highest level to coordinate and advance our efforts.

In my remarks to the Response Strategies Working group meeting, I emphasized the diplomatic aspect of when and how to take action, and I made four points:

- first, that we can probably not afford to wait until all of the uncertainties have been resolved;
- second, while scientific knowledge is refined, we should focus immediately on prudent steps that are already justified on other grounds. These include reducing CFC emissions, greater energy efficiency, and reforestation.
- third, whatever global solutions are considered, they should be as specific and cost-effective as possible; and
- fourth, those solutions will be most effective if they reconcile the transcendent requirements for both economic development and a safe environment.

Global Climate Change

Q: Would it be appropriate to use bilateral and multilateral foreign assistance programs to help address global warming? Do you believe there is a conflict between global warming considerations and other factors such as economic development or national security?

A: We can clearly see that short-term economic development without regard for environmental considerations can lead to a host of negative results, of which increased concentration of greenhouse gases in the atmosphere is only one. The President made a strong commitment in the campaign to making sure that environmental impacts are more carefully weighed in the development policies both of U.S. agencies and of multilateral organizations to which the U.S. is a party.

There need not be a conflict between global warming considerations and economic development. The concept of sustainable development is increasingly recognized as necessary in today's world. The fight against global poverty and our commitment to environmental protection - including the phenomenon of global warming - are clearly interdependent. Sustained development involves the sound management of resources rather than exhausting them.

U.S. OPPOSITION TO MILITARY COUPS

Q: Are you willing to declare that a military coup in the region would bring a strong condemnation from the U.S.? Would you consider cutting off all U.S. assistance and downgrading diplomatic relations if a coup ocurred?

A: It is our firm view that free and fair elections are the only valid way to transfer political power in any country. This administration considers US interests in Latin America and the interests of the region as a whole to be best served by the consolidation and expansion of democracy throughout the hemisphere. Thus, we are strongly opposed to any attempts to interfere with democratic constitutional processes. This naturally includes the overthrow of freely elected governments, and we would condemn unambiguously such acts.

As you know, there is already legislation in effect that governs assistance relationships with any regime that overthrows a duly elected government (Section 513 - FY 1989 FOAB). It specifies that no funds shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree. Such assistance may be resumed only if the President determines that a democratically elected government has taken office.

5

CAMBODIA POLICY

Q: As Vietnam continues withdrawing its troops from Cambodia, it has become increasingly clear that the brutal Khmer Rouge is well-positioned to take power. The Khmer Rouge (KR) continues to receive arms and materiel from the People's Republic of China (PRC), which says it will continue aiding the KR until Vietnam completes its withdrawal. Yet diplomats in the region report that the KR may already have enough arms to last two years, and is stockpiling them in anticipation of the possible civil war to come.

Thus far, the State Department has been reluctant to press the PRC to cut off the flow of arms. Would you consider stepping up pressure on the PRC to stop supplying the KR? Would you consider pressuring the Government of Thailand to deny passage of these arms and to deny safe haven to the KR?

A: U.S. officials have regularly pressed PRC leaders on the question of reducing and ending assistance to the Khmer Rouge and will continue to do so. This was a primary issue during Secretary Shultz's visit to Beijing in July 1988, for example. We are also in close consultation with Thai and other ASEAN leaders on the Khmer Rouge issue, as well as other elements relating to an acceptable settlement in Cambodia.

The Chinese position on the Cambodian conflict in general, and the Khmer Rouge role in particular, has evolved considerably in the past year. Chinese leaders have publicly stated that the Khmer Rouge should not be allowed to resume power in Cambodia, and that the leaders of all factions of a coalition government in Phnom Penh, including the Khmer Rouge top echelon, must be acceptable to all other participants.

More recently, the PRC has announced that it would reduce assistance to the Khmer Rouge, in parallel with reduction of Soviet and Vietnamese aid to the Phnom Penh regime, as Vietnamese troops were withdrawn from Cambodia under international verification. This agreement in principle was likely to have been the central topic of discussion during the visit earlier this month of a Vietnamese Vice Foreign Minister to Beijing, the first such high-level exchange of views in nine years.

SOUTH AFRICA: U.S. POLICY

Q. While the Reagan administration conceded that no progress had been made by the South African Government in 1987 and 1988 toward ending apartheid, it failed to make recommendations for further sanctions as the 1986 Anti-Apartheid Act required. How does the Bush Administration intend to demonstrate its opposition to apartheid? What approach will it take with the Botha government?

A. OPPOSITION TO APARTHEID IS A LONGSTANDING AND UNAMBIGUOUS AMERICAN POLICY. OUR TOTAL REJECTION OF SOUTH AFRICA'S SYSTEM OF RACE-BASED MINORITY RULE IS WELL-KNOWN TO THE SOUTH AFRICAN GOVERNMENT. WE HAVE STATED REPEATEDLY THAT, AS LONG AS THAT SYSTEM ENDURES, NO NORMALIZATION OF RELATIONS WITH THE UNITED STATES WILL BE POSSIBLE.

OUR OVERALL POLICY APPROACH TOWARD SOUTH AFRICA MUST BE BASED ON A REALISTIC ASSESSMENT OF WHAT WE CAN AND CANNOT ACCOMPLISH THERE. THE UNITED STATES CANNOT LEGISLATE AN END TO APARTHEID. WE CANNOT FORCE RAPID CHANGES AWAY FROM MINORITY RULE. WE CANNOT COMPEL WARRING PARTIES TO SIT AT THE NEGOTIATING TABLE. WE MUST ACCEPT THAT BLACK AND WHITE SOUTH AFRICANS -- NOT AMERICANS -- WILL DETERMINE THE FUTURE OF THEIR COUNTRY.

OUR ROLE MUST BE TO STRENGTHEN DEMOCRATIC FORCES WITHIN SOUTH AFRICA AND TO PRESS FOR SERIOUS DIALOGUE BETWEEN THE PARTIES. OUR ROLE IS TO BE A CATALYST FOR PEACEFUL CHANGE.

COOPERATION BETWEEN CONGRESS AND THE EXECUTIVE BRANCH IS ESSENTIAL IF WE ARE TO HAVE A CREDIBLE SOUTH AFRICA POLICY. I LOOK FORWARD TO CONSULTING CLOSELY WITH CONGRESS ON THIS ISSUE IN THE MONTHS AHEAD.

SOUTH AFRICA: CONSULTATIONS WITH ALLIES TO END APARTHEID

Q. Does the Bush Administration intend to follow up on the provisions in the 1986 Anti-Apartheid Act which require the President to consult with our allies on cooperative efforts to bring about an end to apartheid?

A. CONSULTATIONS WITH KEY ALLIES WILL REMAIN AN IMPORTANT FACET OF U.S. POLICY TOWARD SOUTH AFRICA. WHILE MOST OF OUR MAJOR ALLIES HAVE IMPOSED LIMITED ECONOMIC SANCTIONS ON SOUTH AFRICA, NONE HAVE FOLLOWED THE EXAMPLE OF THE COMPREHENSIVE ANTI-APARTHEID ACT. AMONG OUR PRINCIPAL ALLIES, RESISTANCE TO BROADLY-BASED, PUNITIVE SANCTIONS REMAINS FAIRLY STRONG.

MULTILATERAL EFFORTS TO PROMOTE PEACEFUL CHANGE IN SOUTH AFRICA MAY PROVE DIFFICULT TO COORDINATE. NEVERTHELESS, IT IS IMPORTANT THAT THE UNITED STATES NOT BE SEPARATED FROM ITS MAJOR ALLIES BY POLICY DIFFERENCES OVER SOUTH AFRICA.

Responses of James A. Baker to Questions Asked by Senator Dodd

Panama Sanctions

(Senator Dodd)

Q. Can you state unequivocably that economic sanctions have been enforced?

A. Yes. The Treasury Department, of course, is responsible for the enforcement of economic sanctions. However, the State Department has been actively involved. Our objective has been to deny funds to the Noriega regime while maintaining vital USG interests, ensuring the welfare of Panamanian employees of the USG and private firms, preserving U.S. business interests in Panama, and minimizing damage to the general economy. We will continue to review implementation of the sanctions and adjust them as necessary.

Q. Is there any truth to the allegations that the funds provided to the Delvalle Government have not been used correctly?

A. We have seen no evidence that violations of U.S. law have occurred.

Q. Why did Treasury revise the regulations without any prior notice or debate?

A. Treasury's issuance and revision of the Panamanian sanctions have been consistent with normal procedures followed in the promulgation, implmentation, and amendment of regulations for all sanctions programs. In this matter, prior public notice and debate on proposed initiatives probably would have proved counterproductive because such notice would have alerted Noriega to USG plans, enabling his regime to take appropriate countermeasures which would have reduced the effectivemess of our policies. Regulations were revised to meet the competing objectives of denying funds to the Noriega regime while maintaining vital U.S. interests, ensuring the welfare of Panamanian employees of the USG and private firms, preserving U.S. business interests in Panama, and minimizing damage to the general economy.

Request for an accounting of enforcement to date:

In response to your request for a full accounting of enforcement to date, I would note that enforcement of sanctions, information about Panamanian government assets held in U.S. accounts, and reports on monitoring compliance are more properly directed to the Treasury Department, which has responsibility for such enforcement.

Responses of James A. Baker to Questions Asked by Senator Helms

US RECOGNITION OF THE PLO AND THE WAR AGAINST TERRORISM

1. Last week, the Pentagon issued a report profiling international terrorist groups. One such group profiled in this report is the main faction of the PLO called the "FATAH" (fa-TAH), an organization responsible for the deaths of a number of Americans.

-- Do you concur with the Pentagon's assessment that the FATAH is a terrorist group?

A: -- Some elements of Fatah have engaged in terrorism. In recent years most such acts have been carried out by Abdallah Labib (aka Colonel Hawari) and Force 17 elements under Mahmud Natur (aka Abu Tayyib). Such terrorist acts have largely, but not exclusively, been directed against Israeli and other Middle Eastern targets.

-- We expect that these groups and others in the PLO will henceforth abide by the renunciation of terrorism articulated by Yasser Arafat on December 14, 1988.

2. The Pentagon report also listed Yasser Arafat as the head of this terrorist organization. Secretary Shultz reached the same conclusion last year, when, on national TV, he reported that Arafat was the Chairman of the FATAH.

-- Do you concur with the Pentagon and your predecessor that Yasser Arafat is the head of this terrorist organization?

-- Doesn't this make Yasser Arafat himself a terrorist?

A: -- In addition to his Chairmanship of the PLO Executive Committee, Yasser Arafat is the leader of FATAH.

-- FATAH, like the PLO, is comprised of various factions, some of whose leaders jealously guard their ability to operate to a degree free of central authority. Nevertheless, Mr. Arafat cannot escape responsibility for the actions of these factions. In his December 14 acceptance of U.S. conditions for a dialogue, Mr. Arafat renounced terrorism. We have made clear on numerous occasions since then the importance we attach to the PLO's adherence to this pledge everywhere.

3. Terrorism is fueled by the belief that tangible political results can be obtained through sustained campaigns of violence against innocent civilians.

-- By recognizing the PLO and negotiating with Yasser Arafat's deputies, has the State Department demonstrated that terrorism does pay?

A: -- Our dialogue came about when that organization clearly accepted conditions upon which the U.S. insisted for thirteen years. Aside from entering into this dialogue, nothing has changed in the position of the U.S.

-- What this demonstrates is that our adherence to principle, pays. The dialogue cannot be sustained in the face of PLO backsliding on this matter of principle.

TALKS WITH THE PLO

1. In your statement yesterday (page 29), you noted how Reagan "authorized a dialogue with the PLO after Yasser Arafat declared his organization's recognition of Israel's right to exist in peace, supported UN Resolutions 242 and 338, and renounced terrorism."

However, Arafat lieutenants have continued to make totally inconsistent statements that the establishment of a Palestinian State would be only the first step in the conquest of all of "Palestine."

-- How do we know that Arafat's statement represents PLO policy?

-- If subsequent events make it apparent that Arafat's statement is not representative of the PLO, will we terminate talks with the PLO?

A. If the next meeting of the PNC contradicts the policy articulated by Arafat on December 14, 1988, we would necessarily reconsider our dialogue with the PLO.

2. If the Palestine National Conference, at its next meeting, fails to adopt the Arafat statement as policy, will we terminate talks with the PLO?

A. If the next meeting of the PNC contradicts the policy articulated by Arafat on December 14, 1988, we would necessarily reconsider our dialogue with the PLO.

3. Article 15 of the PLO Covenent demands the "elimination of zionism in Palestine." Article 21 states that "the Arab Palestinian people ... reject all solutions which are substitutes for the total liberation of Palestine." Article 9 states that "armed struggle is the only way to liberate Palestine."

-- As all three of these articles are totally inconsistent with recognition of Israel, if the Palestine National Conference fails to amend these articles at its next meeting, will we terminate talks with the PLO?

A. We would like to see the Palestinian National Charter brought into conformity with current PLO policy. Nevertheless, we view the policy articulated by Arafat on December 14, 1988, as current and intend to hold him and the PLO to it.

PLO - VISA FOR ARAFAT

1. Just a couple of months ago, Secretary Shultz stated that there is "convincing evidence" that Yasser Arafat "knows of, condones, and lends support to terror against Americans."

-- Do you share this assessment?

A. I have no reason to dispute the statement Secretary Shultz made at that time. Our efforts at this time, of course, are dedicated to assuring that Arafat abides by his renunciation of terrorism of December 14, 1988.

2. According to polls taken at the time, a significant majority of Americans supported Secretary Shultz' decision to reject Yasser Arafat's request for a visa to address the United Nations.

-- Did you support Secretary Shultz' decision to keep Yasser Arafat out of the United States?

A. I was informed by Secretary Shultz of his decision at that time, and I believe it was the correct decision for him to have taken.

3. An article in yesterday's Washington Post reports that Yasser Arafat has accepted an invitation to address a convention here in Washington April 13.

-- Will you continue your predecessor's policy by rejecting the request Yasser Araft will make for a visa to make this address?

A. My understanding is that press reports that Yasser Arafat has accepted an invitation to appear in Washington are premature. We will deal with a visa application from him if and when we receive one.

WESTERN FINANCING OF THE LIBYAN-ARAB FOREIGN BANK

The Libyan-Arab Foreign Bank is Khadafi's major financial operation. As such, it has played a role in financing Khadafi's chemical weapons program. I understand, however, that Western Banks have provided this bank with a great deal of its capital. Can you report to the Committee on the role played by the Libyan-Arab Foreign BAnk in financing Khadafi's chemical weapons program? Can you provide the Committee with a list of the U.S. and Western banks and Eastern Bloc financial institutions which have a correspondent relationship with the Libyan-Arab Foreign Bank? Can you provide the Committee with a list of American and other Western banks which maintain deposits in the Libyan-Arab Foreign Bank and indicate the amounts of the deposits and whether they are "demand" or "time" deposits? Can you provide the Committee with a list of those American and other Western banks in which the Libyan-Arab Foreign Bank owns a share and indicate any such banks in which the Libyan-Arab Foreign Bank share amounts to a controlling interest? In order to determine what kind of operations the Libyan-Arab Foreign Bank funds, could you provide the Committee with a breakdown of this Bank's loan portfolio?

Answer:

-- The Department of State does not maintain information of this nature on the banking industry.

U.S. OIL COMPANIES IN LIBYA

Yesterday's Wall Street Journal carries a report that the Reagan Administration may, in its last days, take action to ease our embargo on Libya so that U.S. oil companies could operate there through their international subsidiaries. Are you aware of any such plans on the part of the Reagan Administration? Easing sanctions on Libya would be a major step, one that requires accountability on the part of those implementing such a step. Would you urge the current Administration to restrain from altering U.S. sanctions on Libya, and request that any such decision be left to the new President? If the decision is made to water down our sanctions on Libya, how seriously do you think Germany and Japan will take our complaints about their businesses assisting Libya's poison gas program? If any action is taken prior to inauguration to loosen sanctions against Libya, would you support re-imposing the stronger sanctions after you are confirmed?

Answer:

-- On January 19, the previous Administration confirmed that President Reagan had authorized the Department of the Treasury to modify the special licenses of American oil companies operating in Libya.

-- The effect of that decision was to permit the U.S. oil companies, subject to the restrictions on trade and travel which remain in effect, to resume their operations in Libya, transfer operations to foreign subsidiaries, or sell their assets.

-- That decision will eliminate the significant financial windfall which Libya has been receiving by marketing the

-- U.S. oil companies' equity shares of oil liftings. It also protects the U.S. companies from a potential breach of contract claim, under which the Libyan government might otherwise have attempted to seize the oil companies' assets in Libya and withdraw their concession rights there.

-- The trade embargo against Libya and the freeze on Libyan assets were renewed January 7, 1989. These sanctions freeze Libyan governmental assets in the U.S. (including accounts in U.S. banks) and prohibit exports to Libya, imports into the U.S. from Libya (including Libyan petroleum), performance by U.S. persons in support of projects in Libya, and transactions relating to travel to Libya.

-- These sanctions were renewed for a period of one year, as was the ban on the use of U.S. passports for travel to Libya. These measures are in response to Libya's continuing support for terrorism and subversion.

-- The current Administration is deeply concerned as well by Libyan efforts to develop a CW capability, and plans to continue U.S. efforts to halt foreign assistance to the Libyan CW program. We are confident Germany, Japan and others will continue to respond seriously to our concerns in this regard.

Export Licenses For Joint Ventures With The Soviet Union

Q. I have been very disturbed of late over the trend both here and in Western Europe to provide the Soviet Union with advanced technology through sales and joint ventures and to provide billions of dollars of credits and loans. So I was very happy to hear you say yesterday that we should avoid "a headlong rush" to provide Moscow with loans and credits.

Now just this very morning news of a commercial deal between Honeywell and the Soviet Ministry of Mineral Fertilizer Production appeared in the papers. The outgoing Administration has granted the necessary license for this deal to go ahead.

Apparently very sensitive production equipment and related computer software is involved. This equipment, while it can be used to make fertilizer, can also be used to make chemical weapons or other military items. The equipment is similar to that used to make our nuclear weapons at the Savannah River complex.

In light of the cautious approach toward the Soviet Union that you outlined in your testimony yesterday, will you agree to review this sale in particular before the technology involved is irretrievably lost.

A. -- The US Government already conducted a careful inter-agency review of the Honeywell export license application. The technology provided by this proposed transaction is already available to the Soviets under general licenses. Since the early 1960's, Honeywell process controls have been used in over 100 fertilizer projects in the Soviet Union.

-- The US Government decided that granting an export license for the Honeywell joint venture would be consistent with our policies of denying the export of strategic goods and technology to the Soviet Union and supporting the expansion of mutually beneficial, non-strategic trade with that country.

-- We are sensitive to the need for denying the export of strategic materials to the Soviet Union and will monitor this situation closely.

Q. Will you also agree to a thorough review of our overall policy on sales, joint ventures and credits to the Soviets and to consult with the Congress on the guidelines that the new Administration will use when dealing with the Soviets?

A. -- We review continuously all major aspects of these policies. Consultation with Congress is and certainly will remain part of this policy process.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

Mr. Secretary, you have said that the best way to solve the problems in Central America is to promote economic development. Such development, however, requires confidence on the part of foreign investors that any claims arising from their investments will be settled in a prompt and fair manner.

1. As outlined in a letter sent to Ambassador Hinton by the Costa Rican Vice Minister of the Presidency on June 22, 1988, there are currently nine private U. S. claims pending against the Government of Costa Rica.

Q. Will you establish a plan and timetable to bring about a resolution of these claims and share the plan and timetable with the Committee?

A. I will certainly ask my staff to develop a strategy to impress upon the Costa Rican Government the need to provide prompt, adequate and effective compensation to the nine U. S. claimants. I am aware that the Interagency Group on Expropriation has been following this matter closely and is currently examining several steps for the Administration to press Costa Rica to comply with its international obligations. I expect that the Administration will take concrete steps on these claims in the early months of this year. We would be glad to keep the Committee fully informed.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

2. Section 594 of the Foreign Operations Appropriations Bill for 1989 requires the State Department to appoint an independent fact finder to review these claims and to report to the Congress its finding no later than March 1, 1989. The Bill was adopted by Congress and signed into the law by the President on October 1, 1988.

Q. When will the appointment of the independent fact finder be made?

A. The State Department is currently exploring the availability of a number of potential fact finders. I expect the Department to appoint a fact finder soon after I take office.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

3. Section 594 was framed by Senators Inouye and Kasten, the Chairman and Ranking members of the Foreign Operations Subcommittee of the Senate Appropriations Committee. In a letter of November 4, these Senators wrote to Secretary Shultz urging that the Foreign Claims Settlement Commission be appointed the independent fact finder.

Q. Will you appoint this commission to be the independent fact finder provided for in Section 594?

A. The Foreign Operations Appropriations Bill requires the State Department to appoint an independent fact finder on only one case, that involving J. Royal Parker, and Senators Kasten and Inouye recommended the Foreign Claims Settlement Commission (FCSC) as the fact finder on the Parker case. At the same time, however, Representative Obey, Chairman of the House Subcommittee on Foreign Operations, wrote Secretary Shultz on November 14, 1988, that the use of the FCSC would be "directly contrary to the conference agreement reached with the House."

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

4. Q. If the Government of Costa Rica continues to refuse to negotiate a settlement of these claims in good faith, would this discourage other foreign investors from investing in Costa Rica?

A. This is a serious risk that the Government of Costa Rica or any other government faces when it fails to act promptly and fairly in resolving investment disputes. The State Department has made that point to the Government of Costa Rica, and we will continue to reiterate our views on this important issue. I believe that it is the interest of both the United States and Costa Rica that steps be taken promptly to resolve outstanding investment disputes in order to ensure that Costa Rica continues to enjoy the confidence of foreign investors.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

5. Q. If U. S. foreign assistance to Costa Rica continues without regard to disagreements over claims settle- ments, what kind of signal does this send to other recipients of U. S. assistance about the seriousness with which our government deems private claims of U.S. citizens?

A. The signal we want to send to all foreign governments is that the United States takes seriously our obligations to achieve fair treatment and prompt, adequate, and effective compensation for U.S. investors. The disbursement of U.S. economic assistance does not mean that we are satisfied with performance of foreign governments regarding the resolution of investment disputes. We must remind foreign governments of the requirements of our foreign assistance legislation regarding expropriation, and use all other appropriate means to signal our strong concerns in this area.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

I certainly have a high regard for the professionalism of the FCSC. However, it is the view of the Department, after careful consideration, that the appointment of a qualified individual, rather than the FCSC, as the independent fact finder would best achieve the objectives of Section 594. However, we will make every effort to ensure that the fact finder appointed by the Department carries out his responsibilities fairly, without bias against either the U.S. claimant or the Government of Costa Rica. We would be pleased to keep the appropriate Committees informed of the progress in appointing a fact finder.

U.S. CITIZEN CLAIMS AGAINST COSTA RICA

6. Q. If Costa Rica continues to refuse to negotiate a settlement of private U. S. claims in good faith, would you favor application of the Hickenlooper amendment restricting foreign aid?

A. The Hickenlooper amendment and related U.S. legislation provides for a cut-off of foreign assistance only if the government concerned has failed to take appropriate steps towards prompt, adequate, and effective compensation for expropriated assets after it has been determined that an expropriation or breach of contract has occurred. The law must be carried out if a foreign government fails to take appropriate steps called for by the legislation. We expect that the Government of Costa Rica will take the steps necessary to resolve the outstanding investment disputes and that the question of applying the Hickenlooper amendment will not arise.

Soviet and Eastern European Debt to the West (Helms)

Q. What is Soviet and Eastern European Debt to the West?

A. Table I shows the most recently available unclassified CIA estimates of Soviet Bloc gross hard currency debt outstanding, measured in billions of current dollars.

Claims of U.S. entities on the Soviet Bloc shown in table II amount to almost $4.4 billion, or about 3.5% of estimated outstanding Soviet Bloc hard currency obligations. Government claims on Bloc countries result from direct lending, arrears, and payments to the private sector made pursuant to guarantees previously issued. Bank claims consist of direct loans, inter-bank deposits and, to a lesser extent, arrears.

Attached for your further reference is the November 1988 Treasury-led interagency report on Western commercial lending to the Soviet Bloc, Vietnam, Libya, Cuba, and Nicaragua.

TABLE I

Soviet Bloc Gross Hard Currency Debt

(Billions of Dollars)

COUNTRY	End-1987	End-1988 (preliminary)
USSR	40.8	41.7
POLAND	39.2	38.9
GDR	20.4	20.0
HUNGARY	17.7	18.0
BULGARIA	6.1	7.6
CZECHOSLOVAKIA	5.9	6.5
ROMANIA	5.0	2.4
TOTAL	135.1	135.1

*Source: CIA Handbook; 1988 estimates.

TABLE II

Claims of U.S. Entities on the Soviet Bloc

June 1988

(Millions of Dollars)

COUNTRY	U.S. Govt.	U.S. Banks
USSR	783,156	192,000
BULGARIA	52	80,000
CZECHOSLOVAKIA	62	73,000
GDR	151	138,000
HUNGARY	198	303,000
POLAND	2,339,523	317,000
ROMANIA	58,907	76,000
TOTAL	3,182,049	1,179,000

Source: Treasury Department.

OATH OF PANAMANIAN ADMINISTRATOR OF PANAMA CANAL COMMISSION
(Senator Helms)

Q: Would a Panamanian appointed Commissioner of the Panama Canal be required to swear an oath of allegiance to the U.S. Constitution? Would Secretary Baker recommend to the President that he not accept any Panamanian who refused to be bound by the oath?

A: Implementing legislation to the Panama Canal Treaty (Public Law 96-70) provides that each Board member, officer, and employee of the Panama Canal Commission ("PCC") "shall take an oath to discharge faithfully the duties of his office or employment." 22 U.S.C. S 3622(A). Since 1980, the four Panamanian national members on the PCC Board of Directors have taken an oath in the following form:
"I, ____________________, do solemnly affirm that I will well and faithfully discharge the duties of the office on which I am about to enter." Consistent with 22 U.S.C S3622(a), this is not an oath to the United States Constitution.

Article III (3) (C) of the Canal Treaty provides that the PCC Administrator will be a Panamanian national beginning in 1990. Any such person, after appointment by the President and confirmation by the Senate, would take the oath taken by Panamanian Board members.